

## Heath chances of staying on look good

Conservatives' new procedure for electing party leader each session was published yesterday, but, with no substantial challenger in the field, Mr Heath's chances of confirming his position look good, our Political Editor writes. Tory backbenchers are saying privately the leadership dispute is inflicting unnecessary damage on Mr Heath and the party.

## New procedure but no challenger

Mr Heath's new procedure for electing a Conservative leader to hand yesterday (details, p. 1), the parliamentary rank of the candidates will be equal, and the name of a plausible candidate will be put forward by Mr Heath. Mr Heath's standard-bearer, Mr Edward du Cann, of the 1922 Committee, has hopes of publicly stating that he could not be elected in the ballot, and then stand in the shadows.

The BBC television programme yesterday, he told Mr Day that he could not stand at any point. He was not elected and did not propose to stand.

Thatcher is now the only challenger to Mr Heath who has put his name in the ring. Mr Heath privately insists that he cannot stand against Mr Heath.

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## Petrol to cost at least 10p a gallon more as price control is abolished

By Edward Townsend  
Business News Staff

The price of four-star petrol is likely to soar on Friday to 74p a gallon in some areas and may go up by another 2p a gallon before Christmas.

A prediction to that effect was made yesterday by the Petroleum Retailers' Association after the announcement by Mr Varley, Secretary of State for Energy, of a record increase in petrol prices and the abolition of maximum retail price control.

The Price Commission has allowed eight oil companies to increase prices from Friday, which would add about 7p a gallon and 25 per cent value-added tax to petrol, but Mr Varley said he had made it clear to the garage trade that he did not expect pump prices to increase by more than 10p.

He hinted that price controls might be imposed if they did.

Reimposition might lead to a clash between the Government and retailers who, in campaigning for the abolition of price controls, have maintained that the erosion of their profit margins has forced hundreds of filling stations to close.

Small filling stations, particularly those in rural areas, are likely to face high surcharges on comparatively small fuel deliveries, may increase prices by an extra 1p or 2p a gallon on top of Mr Varley's 10p "limit".

Mr Geoffrey Atkinson, general secretary of the Petroleum Retailers' Association, described the 10p limit as absolute nonsense. Mr Varley had removed restrictions, with one hand but

### EEC COMPARISON

The following prices are charged for four-star petrol in the EEC:

Italy	88p
France	76p
Denmark	75p
Belgium	74p
Holland	74p
West Germany	71p
Ireland	69p

places close to refineries is expected to be 72p a gallon.

The increases do not take into account the 4 per cent price rise announced by the big oil exporters at the weekend, and if the Government continues to load increases on to petrol the four-star price might go up by a further 2p.

The Price Commission pointed out yesterday that garages still had to observe the requirements of the price code and could not earn profits in excess of their reference levels. The commission is studying the fuel distributors' margins and is expected to report in February.

Mr Varley's statement, given in a Commons written reply, said the oil companies needed increases because of the higher cost of crude oil. He recognised

that some rise in retailers' margins was warranted now that oil products were plentiful and there was widespread competition.

He announced that price control on Derv would also end on Friday and the cost of paraffin would rise by 3p a gallon but still be subject to control.

Later the Price Commission disclosed that it had cut all the increases sought by the oil companies. Gulf Oil, which had wanted a 39 per cent increase, had its application reduced by 7.54 per cent; Texaco's proposed 33.9 per cent rise was cut by 0.13 per cent; and there were varying cuts on applications from BP, Barmah-Castrol, Esso, Mobil, Shell and Total.

The oil companies' last increase was 10 months ago, when the price went up by 8p to 50p a gallon. In April VAT was imposed on petrol, first at 10 per cent and then rising to 25 per cent last month.

Shell said yesterday that its four-star petrol would go up by 2.08p, exclusive of VAT. Home Heating would also cost more.

Shell said paraffin would go up 2.08p a gallon and gas oil by 2.75p. Esso is increasing paraffin by 1p and gas oil by 2p, and Mobil heating oils will go up by 1.5p.

Increases on Derv are also being varied. Shell is adding 2.08p a gallon to retailers, Mobil 1.75p and Esso 2p.

Motorists bearing brunt, page 21

## Mr Wilson denies Stonehouse spying

By Hugh Noyes  
Parliamentary Correspondent  
Westminster

Mr Wilson said yesterday in a Commons statement that there was no truth in reports that Mr John Stonehouse, who disappeared in Miami four weeks ago, was spying either for the Czechoslovak intelligence service or for the United States Central Intelligence Agency.

Nor was there any proof that the missing MP was being kept under investigation or surveillance by the security service at the time of his disappearance.

Taking the unusual course of making a statement on newspaper reports about intelligence activities, Mr Wilson said that the allegations were first made by a Czechoslovak defector in 1969 when Mr Stonehouse was a member of the Labour Government. With the Prime Minister's approval they were fully investigated at the time, and both the defector and Mr Stonehouse were interviewed by the security service.

After those investigations the security service advised him that there was no evidence to support the allegations. He had been advised again yesterday that no more evidence had come to light since 1969.

"One has always to face the possibility," Mr Wilson said, "that when defectors come out of the country where they have been and find their capital diminished their intellectual capital, of course, they try to revive their memories on matters". It should be obvious to all that there had been a defector of Czechoslovak origin who would not have remained a member of the Government. He had given all possible help to the investigations in 1969.

From the Opposition front bench Mr Heath asked for an assurance that the present case would not be treated as a precedent that when allegations of a security kind were made in the press a statement had immediately to be made in the House.

The Prime Minister replied that it was a difficult matter, but there had been a serious press campaign based on stories going back to 1969, when he was responsible for such matters. They had been fully investigated at the time and there was nothing in them. It had been proved that Mr Stonehouse was not a Czechoslovak spy and also that he was not a security risk. Mr Wilson said it did not follow from this case that he would comment on all future allegations of that nature.

Labour MPs urged that Mr Stonehouse's family should be released from the "distressing pressures" caused by the rumours and innuendoes. Mr Wilson agreed that that was causing great distress to them. He urged that the press should act with discretion.

Parliamentary report, page 12

## Wilson-Brezhnev talks planned

Mr Wilson is to visit Moscow for discussions with Mr Brezhnev, the Soviet party leader, early next year, our Political Editor writes. After the Prime Minister had announced his mission to the Commons yesterday, it became clear that the visit will not occur before February and will follow, as usual, a meeting with the President of the United States.

Whitehall sources indicated that the ground for such a visit would have to be grave.

Our Diplomatic Staff writes: Mr Babas, is not being deported under the new anti-terrorist legislation, but under an earlier Act.

Mr Babas, who comes from Tiberias, in the West Bank, holds a Jordanian passport. But it is understood that he has asked to be sent to Saudi Arabia rather than Jordan.

The position of Palestinians from the West Bank is unclear since the Rabat summit meeting at which King Hussein of Jordan withdrew his claims to the West Bank in favour of the Palestine Liberation Organization. At least one Palestinian from the West Bank living in Britain has been refused an extension of his Jordanian passport since the Rabat decision.



Miss Ballantine with her father after arriving at Heathrow airport last night.

## Freed British girl arrives home

By Tim Jones

Miss Susan Ballantine, the Cheltenham student who was jailed in East Germany for five years in September for trying to smuggle her boyfriend to the West, was released yesterday after serving "six months 15 days and 14 hours in prison".

Miss Ballantine, who is 23, hugged her father, Mr Cecil Ballantine, after she had arrived at Heathrow airport, London, and said: "This was the best Christmas present I could have had. I have no complaints about my treatment. I was treated a lot better than other prisoners."

But she was not prepared to answer questions about her boyfriend, Herr Volker Benes, a trainer for an East Berlin football team, or about her prison conditions. Her father, a college lecturer, said any

answers to those questions could "prejudice negotiations that may still be continuing".

Miss Ballantine, who was convicted of being involved with a professional Western organization, as well as aiding and abetting illegal border crossings, described her ordeal as "six months of sheer boredom". She added: "I think I was well treated because I kicked up a fuss."

For the first five months she had been dressed in a track suit and then issued with a "school-girl" type uniform. She would not comment when asked whether she regretted her actions.

She had no indication that she was going to be released until yesterday morning. "I was taken before the public prosecutor and told I was being released after the State Council had issued an act of clemency. I just said: 'Thank you' in German."

"It feels absolutely incredible to be back. I can't believe it. The six months won't exist now. I just want to pick up where I left off, finish my studies and get a job."

Her father, who was in the office of Amnesty International when he heard the news, said: "This is our Christmas present. We were expecting to drink to absent friends, but now it won't be necessary. We shall have a wonderful family Christmas."

Miss Ballantine's case brought a storm of protest in Britain and Mr Wilson intervened personally with an appeal for clemency to his East German counterpart, Herr Horst Sindermann.

The move was totally unexpected. Last month Miss Ballantine had been moved to a top security prison near the Czechoslovakia border and certain privileges were denied her. She was not allowed English newspapers, magazines or books, and communication with her family was restricted. Even her English Bible was taken away.

## UN resolution on Namibia urges S African pull-out

The Security Council yesterday adopted a strongly worded resolution urging South Africa to withdraw from Namibia. It condemned the illegal South African occupation of the territory, and set out a series of measures with which South Africa must comply. In the event of non-compliance, the Council will consider "appropriate measures".

Parliamentary report, page 12

## British opinion swings towards Community

The British people are developing warmer feelings towards the European Community, according to an opinion poll published by the European Commission in Brussels yesterday. The poll also shows that in most other EEC countries few people care very much whether Britain stays a member or withdraws.

## 'Shadow' jury tougher

An experiment in which "shadow" juries in courts disagreed with sworn jurors' verdicts in seven cases out of 28 is reported today by the Oxford Panel Research Unit. On the whole, shadow juries were more inclined to "convict". They "acquitted" only two defendants actually convicted by a jury.

## 'No EEC threat' to oil

Mr Eric Varley, Secretary of State for Energy, yesterday dismissed the idea that Britain's membership of the EEC poses a threat to its control of North Sea oil reserves. At the first meeting of the Energy Ministers of the Nine in Brussels yesterday, no one challenged Mr Varley's claim to sovereignty over these resources.

## Australia gain 2-0 lead

Australia beat England by nine wickets with more than a day to spare in the second Test match at Perth yesterday. Australia now lead 2-0 in the six-match series. Thompson, the Australian fast bowler, dismissed Greig, Denness and Fletcher in his first three overs. Timmus with 61 was England's top scorer.

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## Greek presidency move

The Greek Government yesterday proposed to Parliament that Mr Michael Stasinopoulos, a judge, should be appointed as interim President. His powers would be largely ceremonial and he would act as head of state for three or four months while Parliament works out a new constitution. A vote is expected today.

British Library: Lord Eccles, in his first annual report, reaffirms his conviction that the new building should be opposite the British Museum.

Hospital consultants: More 'work to contract' action as anger mounts over delay in negotiation with health department.

Press freedom: Mr Foot gave a guarded response in the Commons to a Newspaper Society call for round-table talks.

Washington: President Ford succeeds in coaxing Congress into allowing military aid to Turkey to be resumed.

Tokyo: The Japanese Government announces plans to reduce oil consumption in the country by 3 per cent.

Sugar: Court of Appeal grants English dealers in Paris market an interim injunction stopping payments by London International Commodities Clearing House. Law Report.

Psychologists: Eric Wigham takes a look at the increasing use of psychologists in industry.

Tunisia: Two-page Special Report looks at the achievements and shortcomings of President Bourguiba's regime.



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# "Does ITT give a damn about Britain's balance of payments?"

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£30 million on imports. (And the imports are nearly  
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HOME NEWS

# 'Shadow' jurors disagreed with one court verdict in four, penal research report says

By Peter Evans

Home Affairs Correspondent  
"Shadow" juries introduced into courts disagreed with the real jury in seven cases out of 28 in an experiment. In five cases they were prepared to find the accused person guilty, but the real jury found him innocent. In the remaining two, the shadow jurors disagreed with the finding of the real ones that the accused was guilty.

The experiment was conducted by the Oxford Penal Research Unit. In its report, published today, Mrs Sarah McCabe, senior research officer, and Mr Robert Purves, now a barrister, emphasized that in 21 trials out of 28 real and shadow juries were in substantial agreement.

"In each of these cases not 10 or 12, but between 20 and 24 men and women came to the same decision about the guilt or innocence of the defendant."

Acquittals were fractionally fewer than convictions where the two juries agreed, but, on the whole, shadow juries were more inclined to convict than to acquit. The report comments:

There may be several reasons for this, but at least one of them must be the feeling of the real jury that the consequences of conviction, regardless of the sentence, are grave and that to acquit, where acquittal is at all possible, is better than to convict.

Throughout our shadow jury deliberations there are scattered references to the consequences of conviction. The agreement of real and shadow jury verdicts persuades us that this consideration was equally present in the minds of the real jury.

The shadow jurors were selected from the electoral roll by the usual system. They heard all the evidence, sitting as the public in the court, then went off to reach conclusions.

The unit says a surprisingly large proportion of people from all classes agreed to give up a day for the experiment. They were paid the normal jury rate. The cases chosen, with the cooperation of the courts, were those likely to take no more than a day. They varied from malicious wounding to larceny, motoring, and drug offences and assault on the police.

Unlike the real jury, the shadow one found innocent a man charged with receiving. His explanation was that he bought the goods from somebody who had reason to have obtained them honestly.

Transcripts of the shadow juries' deliberations in that case show how argument swung members round to the belief that the prosecution had not proved its case. Originally seven on the shadow jury thought the man guilty.

The second case in which the shadow jury disagreed with the real one and thought a man innocent was over a burglary. The transcript discloses a reluctance by the shadow jury to accept police evidence of what a man said when he was first asked to go to the police station.

We're just going on one man's word against another man's word... One man's against a policeman's. Why does a policeman make any difference?

He's trained to take things, these things, and to remember them. I don't know, all this talk about his being a policeman. It's a man against a man. You should treat that policeman as you would any other witness.

I don't question the policeman's honesty, just the phrasing; and you're about to condemn a man, by the way, on one sentence which another person wrote down.

In another case, involving a woman accused of receiving, one juror said:

They (the police) know that she's guilty, but they just can't pin it on her, and therefore, being as they can't pin it on her, she must be given the benefit for doubt. That's why I voted not guilty.

A second juror replied, heatedly: This is what you are doing though, supporting a criminal, a known criminal.

The report says that usually the shadow juries left the court room with a high level of agreement about their ultimate verdicts. There were few cases where more than five members were persuaded to change their opinion.

The shadow juries showed determination in looking for evidence upon which convictions could be based. When it seemed inadequate, they were not prepared to allow their hunch that the defendant was involved in some way in the offence charged to stand in the way of acquittal.

The criminality or otherwise of certain types of behaviour was a matter for discussion and consideration in the light of all the circumstances of the offence and the defendant's explanation of his part in it. The report adds:

Prosecutors rely on the court and jury, rather than the CID interview room, not merely for proof of guilt but for the definition of crime which the law itself is inadequate to provide.

Defendants choose jury trial so that their behaviour, their character, and their reputation may be evaluated by their fellow citizens. For those who make this choice there is the inevitable hazard of the varying response of jurors, but from the evidence of the shadow jury discussions there was also a strong sense of equity that took over when all the evidence had been considered.

The Shadow Jury at Work, by Sarah McCabe and Robert Purves, Oxford Penal Research Unit (Basil Blackwell, Oxford, £1).

## Local arts spending up by 16 pc last year

By Kenneth Gosling  
Arts Reporter

Local authority spending on the arts and museums in 1973-1974 amounted to between £14.7m and £15.5m compared with more than £70m on public libraries, more than £300m on social services and about £2,500m on education, an Arts Council survey reports today.

There are few signs of any dramatic increase in local authority spending on the arts this year, although the survey notes the development of civic support.

The average estimated increase for 1973-1974 is 16 per cent, including 12 per cent for the Greater London Council and 17 per cent for the five most populated county boroughs.

The 706 authorities who answered the survey, about half those questioned, spent the equivalent of 0.11p rate on arts and museums. Other sources had established that these authorities would not reply with a rate of less than £300,000.

But where expenditure by the two groups was able to be compared, the non-respondents had contributed at half the rate or less. It was thus unlikely that they would have spent as much as the £400,000, with about £40,000 on direct provision.

Replies to the survey, conducted just before reorganization, came mainly from the larger authorities, practically all the main cities, 78 per cent of county boroughs, 74 per cent of county councils and 94 per cent of London boroughs.

The survey notes distortions caused by biennial or triennial arts festivals, giving a nil return one year but many thousands of pounds the next, and to the fact that for some authorities the main support goes to the local museum or art gallery.

Others give "hidden" subsidies by publishing arts organizations, providing officers to act in voluntary capacities and giving rent and rate relief.

The new local authorities inherited uneven provision for the arts. Many new district councils covered areas with no tradition of public spending on the arts; while a strong civic tradition of support for the arts has developed in other areas, particularly in recent years.

The Arts and Museums 1972-73 (Arts Council Publications Department, 105 Piccadilly, London, W1V 0AU, £1).



Sir John Cohen, founder of Tesco Stores, joined a pre-Christmas celebration at the Camden High Street store yesterday.

## Mr Foot cool over press freedom talks

By Our Parliamentary Staff

Mr Foot, Secretary of State for Employment, gave a guarded reception yesterday to the call by the Newspaper Society for an urgent conference on press freedom and the closed shop.

He told MPs in the Commons standing committee considering the Trade Union and Labour Relations (Amendment) Bill that he would consider the letter from Mr W. M. Young, president of the Newspaper Society, asking him to invite the National Union of Journalists, the Institute of Journalists, the Newspaper Society, Guild of Newspaper Editors and others "concerned about safeguards for press freedom" to a conference.

But he added: "I doubt very much whether a conference of that character is the right way to deal with these matters. The best place to deal with this question is the House of Commons."

The Newspaper Society initiative had been welcomed by Mr Prior, opposition spokesman on employment, who said that something would have to be

written into the Bill to safeguard press freedom. He welcomed the fact that the committee was to adjourn until January 14, and hoped that Mr Foot would use the recess to find a way round the difficulty.

The committee was considering consideration of an opposition amendment to retain in the Bill provisions relating to safeguards dealing with arbitrary exclusion or expulsion of members from trade unions.

Mr Foot, winding up the debate, said the question how to protect people in a closed shop situation was of great importance. More individuals would be protected by the tribunal which had been devised than by anything suggested by the Opposition. He hoped it would be given a fair trial.

The editors' difficulty could not be overcome by law. That was why he was strongly in favour of the NUJ initiative for discussions towards devising terms that could be put into union membership agreements. The Opposition amendment was rejected by 11 votes to nine.

## In brief

### Judith Ward jail move

Judith Ward has joined the Price sisters in Durham jail. All are in the women's top security wing converted recently from that which formerly held the mail train robbers and other long-term men prisoners. The Price sisters were moved from Brixton prison on Sunday. Miss Ward, aged 25, is serving a sentence of 30 years for the M62 coach-bombing.

### Egypt official's theft

A man caught stealing a pair of trousers from a West End store was director of Egypt's Ministry of Industry, in London to attend a conference on behalf of his government, the Marlborough Street Magistrate was told yesterday. Fuad Ahmed Sobhy, aged 48, was fined £50 for the £3.99 theft.

### Baggage men back

Baggage loaders in British Airways' domestic division returned to work at Heathrow yesterday after a four-day dispute, during which passengers had to carry their own cases.

## Tomato me lobby MPs for oil cost aid

From Ronald Faux  
Glasgow

Tomato growers from Clyde valley will lobby MP London today for help to their industry. At the end of the year the fuel subsidy tomato growers ends and in present EEC regulations not be replaced. That, they will expose a thousand people employed in tomato growing the Clyde valley to the effect of rising fuel costs place the Dutch and Belg growers in a vastly better position.

The Clyde valley growers believe because they were encouraged by the Government and an investment of £5 in new glasshouses to produce type of tomato that grows swiftly but demands much heat. In the meantime fuel have risen from £2,000 an acre in 1971 to £5,300. When subsidy is removed the cost soars to £8,500 an acre.

"The Dutch have access unlimited sources of cheap When the subsidy goes Britain they will be up to £8 an acre better off than Scottish growers. The industry will simply collapse grower said yesterday."

Already a large ton bearing area has not been a for next year's crop. The industry is convinced that it can remain competitive without fuel subsidy. Growers are demanding it should be maintained until, it is hoped, they have benefit of North Sea oil, as Dutch have the advantage North Sea gas.

Another grower pointed that the Clyde valley account for four fifths of Scotland's tomato production. Whole prices have increased by more than a fifth over the five years while wages in industry have risen by more three tenths for men and for women in the past four months alone.

Half of Britain's requirements are imported although Scotland grows 7 tons a year now that it is likely to fall dramatically. All the shall be as for is to move equal ranking producers in Europe grower said. "In order to be even we must have a yield 65 tons an acre. The return in 1968 was 10.3p a pot. Last year it was 11.1p a pot and costs have gone sky high."

Mr James Brown, a gro in Lanarkshire, said he reduced his tomato crop 10 acres to four and unless market improved he would cease production.

## Law Society clears Colonel Brooks

The Law Society announced yesterday that it is to take no action against Colonel John Brooks, who figured in the recent "bottom-spunking" libel action. He will be allowed to remain a practising solicitor. The society said that its professional purposes committee had decided that the facts revealed were relevant to his private rather than his professional life.

"In arriving at their decision the professional purposes committee were nevertheless not unaware of the adverse and widespread publicity and the comments, during his summing-up, of Mr Justice Bristow."

Colonel Brooks, of Cheyne Walk, Chelsea, was awarded £2

damages in the High Court last month in a libel action against the Sunday People. It had alleged that he lured girls into a "sex trap" on his motor cruiser on the Thames. Colonel Brooks, a former mayor of Kensington and Chelsea, denied the allegations and said he spanked girls only with their consent.

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## Runway extension plan at Yeaton doomed

From Ronald Kershaw  
Wakefield

The penultimate seal on the fate of plans to extend the 5,400ft runway at Leeds Bradford Airport at Yeaton was firmly placed by the Policy and Resources Committee of West Yorkshire County Council yesterday. By 11 votes to five it opposed extension.

West Yorkshire County Council now joins Leeds Metropolitan Council in opposition to extensions, leaving Bradford Metropolitan Council alone in on the 2,000ft extensions, estimated to cost some £5m at 1974

prices, has developed into a political battle with Labour members against and Conservative for. It is still possible that the airport committee will come out in favour of extensions but it would be an empty gesture because money would not be forthcoming from West Yorkshire and Leeds councils.

The recommendation rejecting the extensions said the runway should be kept open pending further investigation and that the county council should vigorously pursue the case for an airport providing a full service to the Yorkshire and Humber region.

## Law to protect confidences suggested

By Our Legal Correspondent

A tort of breach of confidence should be created by statute, the Law Commission proposes provisionally in a working paper published today. It would protect trade secrets and personal information and would replace the existing common law action for breach of confidence, the scope of which, the Law Commission says, is uncertain and confusing.

The new tort should be based on "breach of a statutory duty of confidence not to disclose or use information acquired in confidence except to the extent that such disclosure or use is authorized by the person to whom the duty is owed". The Law Commission's study follows

the view of the Younger committee on privacy, in 1972, that actions for breach of confidence could be of great value in the protection of privacy.

Three categories of the tort are suggested by the Law Commission. First, where disclosure or use of information would deprive the person to whom the duty of confidence was owed from gaining financially from it. A typical example, the report says, would be where confidential particulars of an invention are used so that the inventor himself is unable to exploit it.

The second category is where disclosure would cause direct financial loss to the person. An example given is when one per-

son reveals the circumstances of another's divorce knowing that his employer would dismiss him when he learns it.

The third is where disclosure would cause distress. The report cites the case of some revealing the confidential that his informant was a ho sexual.

The Law Commission poses defenses to the tort, including lawful authority to disclose, privilege, public interest and not knowing there was duty of confidentiality.

It also suggests a new of disclosing or using information obtained unlawfully. The Law Commission's Working Paper 58, Breach of Confidentiality, Stationery Office, £1.20.

## Proposers of candidates for Tory leadership will not be named

The procedure for selecting the leader of the Conservative Party was issued yesterday. The document states:

Timing of elections and general responsibilities:  
1. If the position of leader of the party is vacant, an election shall be held as early as possible.  
2. Otherwise there shall be an election in the House of Commons beginning within 28 days of the opening of each new session of Parliament, except that in the case of a new Parliament the election shall be held not earlier than three months nor later than six months from the date of assembly of the Parliament. The actual date will be determined by the leader of the party in consultation with the chairman of the 1922 Committee.  
3. The chairman of the 1922 Committee will be responsible for the conduct of all ballots and will settle all matters in relation thereto.

Nominations and list of candidates:  
Candidates will be proposed and seconded in writing by MPs in receipt of the Conservative whip. The chairman of the 1922 Committee and scrutineers designated by him will be available to receive nominations. Each candidate will indicate on the nomination paper that he is prepared to accept nomination, and no candidate will accept more than one nomination.  
The names of the proposer and seconder will not be published and will remain confidential to the scrutineers. Nominations will close by noon on a Thursday five days before the date of the first ballot.  
5. If only one valid nomination is received, the chairman of the 1922 Committee shall declare this person elected.  
If more than one valid nomination is received, the chairman of the 1922 Committee will publish a list of the valid nominations and immediately transmit a copy to the two vice-chairmen of the 1922 Committee, the Chief Whip in the House of Commons, the chairman of the National Union, the chairman of the National Conservative and Unionist Association, the chairman and deputy chairman of the party in Scotland, the leader of the party in the House of Lords and the Chief Whip in the Lords.

Procedure for the election with Members of the Party outside the House of Commons:  
6. During the period between the close of nominations and the date of the first ballot, it shall be the responsibility of the proposer and seconder to inform the members of the party in the House of Commons, the National Union and the National Conservative and Unionist Association, the chairman and deputy chairman of the party in Scotland, the leader of the party in the House of Lords and the Chief Whip in the Lords of the names of the candidates and to arrange for the distribution of the nomination paper to each MP in receipt of the Conservative whip.  
11. For the first ballot each voter will indicate one choice from the candidates listed.  
12. Where any members are unavoidably absent from the House on that day, through sickness or by being abroad, the scrutineers will make arrangements to receive their votes.  
13. The ballot will be secret and neither the names of those who have voted for a particular candidate nor the names of those who have abstained from voting shall be disclosed by the scrutineers.  
14. If, as a result of this ballot, one candidate both (1) receives an overall majority of the votes of those entitled to vote and (2) re-

ceives 15 per cent more of the votes of those entitled to vote than any other candidate, he will be elected.

15. The scrutineers will announce the number of votes received by each candidate, and if no candidate satisfies those conditions a second ballot will be held.  
Second Ballot  
16. The second ballot will be held on the following Tuesday. Nominations made for the first ballot will be void. New nominations will be submitted by the Thursday, under the same procedure and with the same arrangements for consultation as described in paragraphs 4-9 for the first ballot, if required and for any other candidates.  
17. The voting procedure for the second ballot will be the same as for the first ballot, but paragraph 14 shall not apply. If, as a result of this second ballot, one candidate receives an overall majority of the votes cast for those entitled to vote, that candidate will be elected.

Third Ballot  
18. If no candidate receives an overall majority, the three candidates receiving the highest number of votes at the second ballot will be placed on a ballot paper for a third and final ballot on the Thursday following.  
19. For the final ballot each voter must indicate two preferences amongst the three candidates by placing the figure 1 opposite the name of his preferred candidate and the figure 2 opposite the name of his second choice.  
20. The scrutineers will proceed to add the number of first preference votes received by each candidate, eliminate the candidate with the lowest number of first preference votes and redistribute the votes of those giving him as their first preference amongst the two remaining candidates in accordance with their second preference. The result of this final count will be an overall majority of the votes cast for one candidate, and he will be elected.

21. The candidate thus elected by the party in the House of Commons will be presented for confirmation as party leader to a party meeting constituted as follows:  
MPs in receipt of the Conservative Whip  
Adopted parliamentary candidates  
Members of the executive committee of the National Union not already included in the above categories.

## Bow Group call to Heath allies not to stand down

By John Groser

A direct appeal is made today to Mr Whitelaw and other senior Conservative politicians to make themselves available as candidates for the party leadership. The call comes from the influential Bow Group in the latest issue of Crossbow.

An editorial article argues that, now that a new system of electing the Conservative leader has been recommended by the Douglas-Home committee, "it would be wrong if those close to Mr Heath... give in to their natural reluctance to make themselves available. That would turn any election into a farce and deny the party the full choice it has a right to expect."

Mr Peter Lloyd, editor of Crossbow, and immediate past chairman of the group, who fought Nottingham, West, in both elections this year, apparently speaks for the party's younger element when he says: "It would be an act of great statesmanship if Mr Heath finally decided to stand down."

The article questions the widely held belief in the party that Mr Heath will be proved right by events. It also declares that "it is clear that the bulk of the parliamentary party are unhappy with Mr Heath's continued leadership."

Mr Lloyd and his fellow Groupers suggest that "over the next few years it is vital the Conservatives have a leader who is able to articulate a positive and liberal alternative state socialism that carries conviction and humanity."

While conceding the former Prime Minister's private qualities of vision and compass the article says he is "permanently unsuited" for the role that the new leader have to fulfil.

He is, it is alleged, about to lose his credibility as a champion of counter-inflation. It is a growing belief that monetary policies of the Heath Administration fuelled inflation and contributed substantially to the country's present economic plight.

Crossbow concludes that main argument against Heath's continued leadership that the party under him "ceased to know where it is going and what it stands for."

Tory reversals, it says, "revealed the absence of a clear view of how the economy, society work and what the relationship of government should be to both."

Leading article, page 2

## 'Monolithic' basis criticize

A recommendation submitted to Mr Heath by the East Midlands Area of the Conservative Party that the structure of the National Union of the party needs urgent revision is being supported by at least three more of the 11 areas.

The general suggestion that changes should take place in the party's structure was initially made by the East Midlands Conservatives in a report now published though commissioned more than a year ago. It proposes that the party's national structure should be based on counties, not areas.

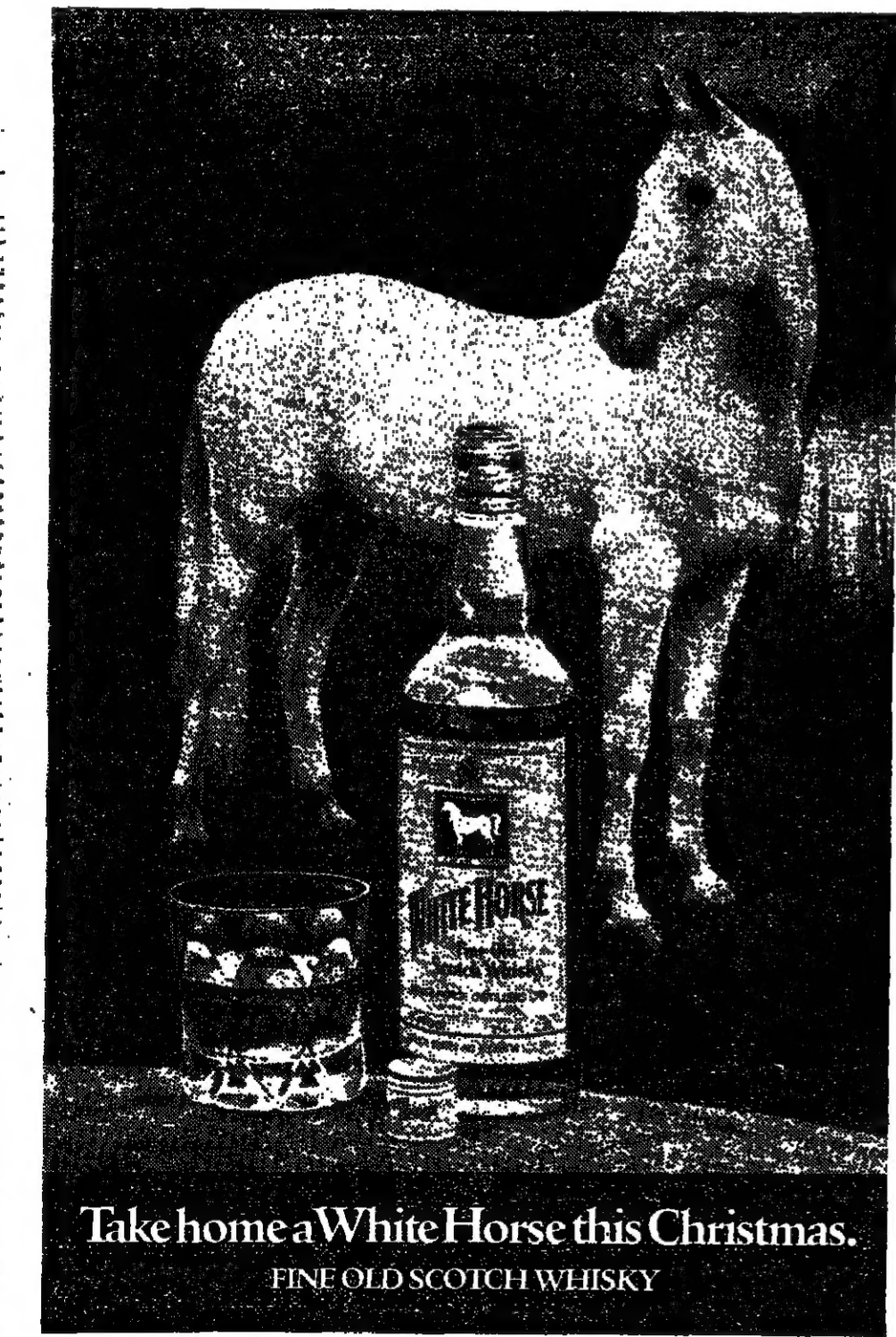
Its conclusion that "the time has come for the party to face realities" is warmly applauded by some of the other area executive committees who

also feel that "the monolithic structure" contributed to failure to poll at full strength in this year's elections.

The review committee's special attention to concern the wastage of qualified party agents. "It would seem if the only long term answer would be to deploy agents on county basis."

If that recommendation was adopted, due regard would be paid to the necessity of employing full-time agents, marginal seats and scattered constituencies.

One scheme proposed would see the employment of separate agents in the margin or scattered seats, and of agents to look after more than one constituency.



Take home a White Horse this Christmas.  
FINE OLD SCOTCH WHISKY

## How to keep a super secretary and a wife as well.



Give them Courrèges Empreinte—a most original perfume created by today's most exciting couturier.  
It's exclusive and expensive, but it's a small price to pay to keep both women in your life happy.

Courrèges-empreinte

One of the few original gifts left.



## HOME NEWS

## Extra night patrols after fire that killed 18 old people

From Arthur Osmán Nottingham

As Mrs Castle, Secretary of State for Social Services, confirmed in Nottingham yesterday the need for an independent inquiry into Sunday's fire disaster, the county council ordered extra staff for night patrols at five homes similar to the devastated Fairfield Home at Edwinstown.

Mr Richard Wilson, leader of the council, said the single-storey homes similar to Fairfield were lacking smoke-detector equipment. It was hoped that detectors would be installed in a month's time. Until then night patrols would be on duty to give additional security at the homes in Wootton, Hucknall, Burton Joyce, Kimberley, and Mansfield.

"These precautions are being taken in homes where, until Sunday's disaster, we did not foresee that there was an unacceptable fire risk," he said. "We are therefore playing safe until more thorough inquiries have established what risk there is and the best way to combat it."

The council's policy committee will be recommended today to make available an extra £36,000 needed to carry out extra fire precaution work in several homes for the elderly.

Mr Ernest Lester, chairman of the council, at its routine meeting yesterday, paid tribute to Mr Alfred Richings, who lives opposite the home and helped to save several lives, and to the assistant matron, Mrs Alice Johnson, and Mrs Jill Herbert, the night attendant. The council stood silent for a minute in memory of the 18 dead.

Mrs Castle had earlier met Mrs Herbert, who was close to tears as she showed the minister round the wrecked home. Mrs Castle talked with officials and the surviving elderly residents from Fairfield, who have been accommodated at The Oaks home in Nottingham.

Later she said she would be consulting Mr Jenkins, the Home Secretary, on the terms of reference for an inquiry and its constitution. They would be made known as soon as possible. A decision would also be made on whether it should be held in public.

"One of the points I have discovered with the local authority is that they reject suggestions that there was an over-concentration of infirm old people in this particular home," the minister said.

An interdenominational memorial service will be held at St Giles's, West Bridgford, at 10.30 am on December 23.

## Tighter controls urged for building plastics

By Pearce Wright Science Correspondent

Tighter control over the use of some plastic materials in buildings is suggested in a report, *Polymeric Materials in Fires*, produced by the Fire Research Station and the Building Regulations Professional Division of the Building Research Station.

It comments on anxiety prompted by incidents ranging from small domestic fires, where burning of foamed-plastic furniture reportedly intensifies after a fire, and produces more smoke than traditional materials, to big disasters such as those at Llandudno, on the Isle of Man, and at St Laurent du Pont, in France, where plastic materials were involved to a large extent together with other factors.

Because of the diffuse nature of the industries manufacturing and using polymeric materials, accurate figures of

the amount going into buildings each year are apparently impossible. The latest figures, for 1972, show 200,000 tonnes, of which 44,000 tonnes went into furniture. Analysis of the implication of specific materials in fires is obtained from the standard fire brigade report form K433. Although it is almost the only source from which information can be systematically gathered, the Fire Research Station report says the form is not suitable for collecting the necessary details about the involvement of specific materials in fires.

Available data indicate that in about a thousand fires, or 1 per cent of all those occurring in buildings, plastic materials are the first to ignite. In about another thousand fires plastic materials were used in the construction of the building, though these materials were not necessarily involved in the fire.

## Cathedral choir to disband

Westminster Cathedral's professional choir is to be disbanded because of costs. The choristers will probably leave after next Easter Day's services. The decision was made by the Westminster Diocesan Council of Administration. The seven men choristers are expected to receive notice today.

## School strike plan

Leaders of striking teachers who kept almost a million school children off school yesterday plan to intensify their action if pay recommendations expected by Friday are "inadequate". More strikes are planned this week.

## Employers' chief calls for new leaders to allow industry to expand

By Our Labour Editor

Mr Martin Jukes, the engineering employers' leader, yesterday called for an unspecified "new leadership" for Britain. He predicted that if the Government continued on its present course there would be a statutory policy on incomes before Easter.

Mr Jukes, director general of the Engineering Employers' Federation, singled out Mr Foot, Secretary of State for Employment, for personal criticism. "I do not think for a moment he provides the leadership we need," he said. The forthcoming Employment Protection Bill, was "union-based and biased".

Making his valedictory address to industrial correspondents, Mr Jukes declined to be drawn on the politician or public figure he had in mind to run the country. Until we get firm leadership taking us in the direction which permits

industry to expand we have no hope."

"It is possible to have such leadership, as indeed was shown in France when de Gaulle was in power. French examples are not my favourite ones but no one can deny the stability that France got for a long period."

Without the right kind of leadership the Government would be forced to resort to a statutory incomes policy before Easter, Mr Jukes said. He put the odds at 5-1 on.

Mr Jukes, who retires as director general in two months, said a luncheon in London of the labour and industrial correspondents' group: "There can be little doubt that if we continue on our present course we head for disaster."

Recent legislation and counter-legislation by succeeding governments on industrial relations had caused disorder, Mr Jukes continued. This disorder is not only at the level of the TUC and the CBI, but also at the level of the unions and

## 'Buy ticket on board' service next month

By Arthur Reed Air Correspondent

British Airways is to introduce on January 12 the first scheduled shuttle service in Europe on which passengers will pay on board the aircraft and nobody will be left behind. It may extend the principle later to main centres throughout the Continent.

The shuttle service will be between London and Glasgow, on which British Airways carries 600,000 passengers a year. After January 12 there will be no need for any passenger to make an advance booking. Check-in time at the airport will be reduced from the present 20 minutes to 10 minutes. Stewards will collect the £17 single fares on board, accepting cash, cheques, credit cards or government orders.

There will be no bar service on catering on the shuttle. British Airways promises travellers refreshments free of charge in the lounges before departure. It also guarantees that if there is a rush for any one flight, a second and even a third aircraft will be brought up.

London to Edinburgh, Belfast, Dublin, Brussels, Paris, Amsterdam, Düsseldorf and Frankfurt are routes on which such services could be introduced within the next few years, Mr Roy Warr, chief executive of British Airways European division, said yesterday.

Nine Trident airliners will be used on the London to Glasgow service, with 13 departures from London and 12 from Glasgow each weekday. That will more than double the present aircraft capacity on the route.

Captain Richard Twomey, domestic trunk services, said that as soon as an airliner on the shuttle service was full it would leave the terminal for take-off. A second airliner on stand-by would then be brought up. "This is not a hopeful promise but a very practical proposition," Captain Twomey said. "We shall never turn anybody away."

## Forceps left in man's body killed him

A pair of surgical forceps left in a man's abdomen after a hernia operation caused his death within six weeks, an inquest at Aberdeen, Mid Glamorgan, found yesterday. A verdict of accidental death was recorded.

The inquest into the death of Mr George Henry Thomas, aged 56, of Aman Court, Cwmanan, Aberdare, had been told that Aberdeen General Hospital nurses found the forceps missing after the operation. But no one told the surgeon.

Mr Peter Jenkins, deputy coroner, said there was an assumption that the forceps seen on a dropped instrument rack were the missing pair. The assumption persisted despite the fact that the forceps were never found.

"Why the surgeon was not informed I cannot understand," he said.

Dr William Reginald James, the pathologist who performed the post mortem examination, said the cause of death was intestinal obstruction due to herniation of the small intestine through part of the forceps.

## No appeal on rape sentence

Christopher John Graham, aged 18, jailed for life for raping Princess Anne's secretary, was refused leave to appeal against his sentence yesterday.

He pleaded guilty at Manchester Crown Court on June 20 to raping the secretary at Chelsea, to raping a Manchester doctor's wife, and to the attempted rape of an Iranian student.

## Signalmen strike

A 24-hour strike by signalmen, which started at 6 am yesterday, halted Southern Region trains in Hampshire and Dorset, affecting thousands of commuters.

## WEST EUROPE

## Britain sees no threat to its North Sea oil from Community

From Roger Berthoud Brussels, Dec 17

The idea that Britain's EEC membership poses a threat to North Sea oil was heavily discounted by Mr Eric Varley, Secretary of State for Energy, in Brussels today.

After his first meeting with the Energy Ministers of the Nine, Mr Varley said: "Providing it is accepted, as I think it is—at least it was not challenged today—that North Sea oil policy is under United Kingdom national control, I don't think there is a threat."

In a prepared statement, Mr Varley told today's meeting: "I am sure my colleagues will understand that our reserves of oil and gas in the North Sea must remain under our national control." Mr Varley thought it important that no one had challenged this remark. The Belgian Minister had emphasized his understanding.

Explaining the nature of the threat afterwards, Mr Varley said that at an earlier EEC council meeting there had been a suggestion for a policy of a common market in energy resources. This, he said, could have implied a policy of maximum depletion (exploitation) of reserves. But Britain had to husband its North Sea resources, which represented only two per cent of known world oil reserves, and the Government would not let it plain that it would deplete power over the rate of depletion. Oil was a finite product and it could not be replaced every year like French wheat.

The North Sea was not the dominant issue at today's meeting, which was dominated by a business-like, but unambiguous, attempt to re-launch the EEC's ill-starred energy policy.

Other member states with energy resources also had worries. The Dutch wanted to make sure they would be able to sell their natural gas at adequate prices. The West German companies will benefit to the tune of 7.35m units of account (pre-devaluation dollars) from a decision today to spend 42.4m units of account next year from Community funds to stimulate research into the extraction of hydrocarbons. Seal (UK) Ltd will get 2.4m for research into remotely-controlled production methods for use at a depth of more than 500ft under water. The remaining 360,000 units of account go to sell the natural gas at adequate prices. The West German companies will benefit to the tune of 7.35m units of account (pre-devaluation dollars) from a decision today to spend 42.4m units of account next year from Community funds to stimulate research into the extraction of hydrocarbons. 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# President Ford coaxes Congress into allowing military aid to Turkey for the time being

(also on page 25)



## A GREAT PLACE FOR BUSINESS

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1974 has generally been a difficult year for Europe.

However, Europe is still a very big market. And, potentially, a good market for British business.

Rather than commit a direct investment in plant and equipment in Europe we expect that many companies will see that this market can be adequately served from Britain.

Of all the British Banks we're in the best position to make that equally true from a financial point of view.

As a shareholder in European Banks International (EBIC), we have a network of almost 9,000 bank branches throughout Europe to handle your business.

In addition we can provide you with information on foreign market conditions,

economic assessments, methods of payment, taxation and exchange control regulations and arrange commercial contacts for you.

For more detailed information on how to handle the financial side of your European business from Britain, speak to any Midland manager.



**Midland Bank**  
International Division



**BODYROX**  
Exhibition and workshop  
**VICTORIA AND ALBERT MUSEUM**  
S.W.7  
rs 10.00-18.00, Suns 14.50-18.00  
closed 24, 24 Dec and 1 Jan  
**GLOW HOMER: watercolours &**  
twigs, **VICTORIA AND ALBE**



















# We've always maintained it takes two weeks to really enjoy Silk Cut. Some people don't agree.

In the past, we've always advised new Silk Cut smokers to try out our cigarette for at least a fortnight.

Two weeks, we felt, was about the time it took to appreciate its mild, yet satisfying taste.

(Particularly after some stronger cigarettes.)

We fight shy, however, of giving such advice now.

Since we've recently come across a number of our smokers who tend to disagree with it.



Iain Campbell, Glasgow.

Iain Campbell is, as is evident from his photograph, a keen gardener.

And as such appreciates that good things sometimes take a little time to blossom.

"I was quite prepared to spend a couple of weeks getting to like Silk Cut," he said. "In actual fact, it took just over a week."

Alfred Custance had much the same sort of experience.

"It didn't take me any time at all," he told us.



Barbara and Alfred Custance, Woodingdean, Sussex.

His wife, Barbara, also happens to be one of our smokers.

In fact, she was the person who introduced him to Silk Cut.

Though she did find the transition from her previous cigarette somewhat harder.

It having taken her a month.



Phillipa Hather, Manchester.

Phillipa Hather has smoked our cigarette for six months.

And like Iain and Alfred, found the change an easy one.

"It only took me one cigarette," she declared. "I enjoyed smoking Silk Cut straight away."

Albert Fisher, you will note, experienced a touch more trouble than that.

He spent a good three weeks smoking our cigarette before

he could really say he enjoyed it.



Albert Fisher, London.

But he agreed with Phillipa, Alfred, Barbara and Iain on one point at least:

That we should tell you it's worth acquiring a taste for Silk Cut.

Even if it does take more than a couple of weeks.

As you can see, we thought it better they tell you themselves.

## Silk Cut. The mild cigarette.

THE SILK CUT RANGE: SILK CUT REGULAR, KING SIZE, NUMBER 1, NUMBER 3 AND EXTRA MILD.

LOW TAR As defined by H.M. Government

EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING



## Why universities may be forced to lower their standards

■ The Association of University Teachers, which has 27,000 members, meets in Bath today at a time when universities are more under threat from financial starvation and national ill-will than they have ever been before. Professor William Wallace, a pro-Vice-Chancellor of the New University of Ulster, Coleraine, and this year's president of the association, argues that universities provide a vital service, which the nation cannot afford to do without.

Most British institutions are susceptible to caricature, and none more so than the universities. Respected old gentlemen in gowns and mortarboards arguing abstruse irrelevances against a background of gothic towers; scruffy, long-haired undergraduates rampaging through glass and concrete administrative blocks; these are the stock-in-trade of the critics. Other institutions are equally vulnerable. The trade unions, for example, receive their share of abuse. But they can hit back and protect their interests in a way the universities cannot. If power workers strike, governments and the public heed to their demands. If universities reter under inflation, governments and the public admonish them and bid them do more with less. The possible decline of the universities carries no immediately obvious threat to the welfare of the nation.

The decline is not quite under way. The quinquennial settlement was less than reasonable, but some developments could be postponed and others slowed down. Supplementation for inflation was removed at the very moment that inflation started spiralling, but reserves could be run down and universities could go over to deficit financing. The University Grants Committee could throw in the small fund it had set aside to encourage innovation, and the Government could add a little more to compensate for having calculated too savagely a non-supplementation cut. But with major deficits destined for the end of this academic year and crippling ones for the year after, real and rapid decline is horrifyingly near.

For several years now all universities have been searching out ways of saving money. Inflation apart, it has been very difficult in face of the increasing sophistication of both teaching and research and the rising expectations of both students and the public at large. No doubt more can be done through increased rationalization and greater cooperation, particularly where institutions are fairly close to one another. But there are limits, to go beyond which would destroy the comprehensive and corporate nature of individual universities.

The importance of the universities to the economy is frequently overlooked. An annual expenditure of more than £400m on staff, buildings and facilities carries greater significance when broken down to £4.5m for Sussex, £3.4m for Lancaster, or £2.3m for Stirling. The annual output of highly skilled manpower is now quite staggering, not far short of 60,000 with first degrees or of 15,000 with higher degrees. About 50 per cent of those with first degrees are in pure or applied science, including medicine, and about 60 per cent of those with higher degrees. Some of those with first degrees immediately go on for higher degrees, and some with either go abroad. But altogether about 9,000 enter engineering, chemicals and manufacturing industries in general, and about 1,000 enter commerce, banking and accountancy.

The welfare state and the public services also depend heavily upon the output of graduates. The 3,000 doctors who are already insufficient to meet the annual needs of the health service. Central government absorbs 1,000 graduates a year and local government 3,000. More than 1,000 take up legal practice, and more than 10,000 go into one level or another of education. Contrary to fashionable belief there is no shortage of good or potential applicants for university places. Despite the alternative opportunities offered by polytechnics and other institutions of higher education the number of students admitted this October has again increased on the previous year.

If some universities had to close down, the remainder would have difficulty maintaining the present level of output, let alone increasing it or going seriously into the field of continuing education. But it is doubtful whether any government would want to face the political consequences of closures, or could even contemplate them given the arguments and forces that would be ranged against them. If all the existing universities were given just enough supplementation to stay in business, it is equally certain that they could not cope with rising numbers, or indeed cope properly with what they are at present.

But the crux of the matter is that, unless the universities are restored to something like the comparative financial position they had before they were caught up in the scissors of government economy and accelerating inflation, they will have no alternative but to reduce the standard of the education they provide. Once all the economizing and redeployment has been done, there still needs to be substantial supplementation

—and reparation—if the technologists and economists, consultants and civil servants they turn out are not to be sub-standard and therefore damaging to the industrial and social fabric of Britain.

The importance of university research is also underrated. About one-eighth of the universities' recurrent expenditure is provided under grant or contract by outside bodies specifically for research. But that is only the tip of the iceberg. The whole system of university financing is based on the interdependence and inseparability of teaching and research; and academic staff spend upwards of a third of their time (much of it "out of hours") on research of one kind or another. Exploring the energy field and applying discoveries has depended in large measure on the universities, as have advances in medicine, in the understanding of the environment, and in the protection of the socially disadvantaged and the treatment of the socially sick.

All this is now in jeopardy. The fall in public funding is worsened by the reduced budgets of the research councils and the investment difficulties of many of the private trusts. It may be no loss if some of the more esoteric and much-criticized research projects go to the wall. But any serious decline in the research activity of British universities would not only lower the standard of their graduate output but would seriously impair the international competitiveness of the British economy and the quality of life of the British people.

No one would argue that there is perfection in the universities. Some of the caricatures are not caricatures at all. However, the universities are fully alive to the realities of Britain's domestic and international situation, and they are anxious to be able to make their contribution to retrieving it and to helping mankind at large. They are willing to make sensible economies. They are trying to improve themselves as, for example, the Nuffield investigation into innovation in higher education is already showing. But they cannot accept that their currency must be debased.

It is appropriate rather than unfortunate that the universities have no weapons other than reasoned inquiry and discussion. All they ask of the government and the public is reason in return. There is urgent need of informed debate and meaningful negotiation to enable the universities to do all that is required of them in teaching and research in the next crucial decade of reassessment and recovery.

William V. Wallace

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## An economic tightrope for Labour

Ronald Butt



Mr Foot: A wage freeze would mean his departure.

In its debate on the economy today, the House of Commons has to address itself to a very simple question. With the nation staggering near the brink of the worst economic crisis of the century, is Mr Healey justified in his reliance on his search for Arab cooperation, and on the social contract and his recent public expenditure cuts at home, to pull the nation back to comparative safety? The Chancellor's direct and friendly approach to the Arabs may well pay off, for there is little support among America's allies for Dr Kissinger's wish to wield a collective cudgel of consumer resistance against the oil producers.

Yet, since the Chancellor came back from Saudi Arabia in an apparent mood of ebullience, the Government has almost seemed to be using his optimism as a justification for diverting attention from that part of Britain's inflationary problem that is generated at home—and it is the consequence of this attitude that the Commons have to scrutinize. Dare the Government rely in 1975 on the social contract; are there other things that should be done and, if so, why will the Government not do them?

The rationale of the Government's resistance to doing more starts from its assertion that our domestic problem is one of inflation, but not one of excess demand. It therefore insists that deflationary measures which would damage productivity are ruled out; that the wage increases must be kept within manageable limits by the social contract; and that so far, the social contract (the miners excepted) is not doing too badly even if it is not doing as well as might be hoped.

However, it is a question whether the social contract, even if it works as well as possible within the Government's definition of it, is an adequate policy. In this respect, Mr Michael Foot's party political broadcast last week was illuminating. Essentially, what he was saying was this. The Government is prepared to concede extra high wages to deserving cases (the miners, the bakers and the nurses) but if everyone

gets (say) 30 per cent, the special advantage that these groups ought to have would be lost, prices would be pushed up all round, and a slump would be brought nearer.

Therefore, said Mr Foot, the wages aspect of the social contract was vital—but the way in which he defined this was significant. He pointed out that there was no room for any increase (and he underlined the word in his text) in living standards. Wage settlements must be on the basis of keeping pace with the cost of living and no more, and also on the basis of making new wage settlements only every 12 months.

Yet even if the social contract works according to Mr Foot's definition, it is surely a question whether, if it does sustain living standards it will be an adequate economic defence.

If wage increases enable people to sustain the same standard of living on the basis of rising important prices, the danger is that we shall continue to build external inflation into our own economic structure. On this analysis, it is arguable that wage settlements ought to be marginally below what is necessary to sustain the standard of living, with the result that people reduce their consumption, if inflation is to be checked.

Whichever answer to this, in justification of the present policy, is that it would of course be a correct analysis if import prices rose beyond a certain rate, but the hope is that the concept of a nicely balanced social contract on wages which seems to promise maintaining living standards—and this would be true even if the social contract worked as well as the Government hopes which, of course, it is not doing. In this situation, the economic balancers of the Treasury know that, while it is possible to write an optimistic scenario based on Arab cooperation and the social contract at the end of which we should be rescued by North Sea oil, it is also possible to write a pessimistic scenario which, at worst, could culminate in a catastrophe based on a wages explosion in the middle of an industrial slump.

uncertain factors such as import prices and the development of wage settlements over the next year—but even the optimists concede that 1975 will be a bad and dangerous year.

Put like this, it hardly needs stressing how fragile a defence is the concept of a nicely balanced social contract on wages which seems to promise maintaining living standards—and this would be true even if the social contract worked as well as the Government hopes which, of course, it is not doing. In this situation, the economic balancers of the Treasury know that, while it is possible to write an optimistic scenario based on Arab cooperation and the social contract at the end of which we should be rescued by North Sea oil, it is also possible to write a pessimistic scenario which, at worst, could culminate in a catastrophe based on a wages explosion in the middle of an industrial slump.

Bernard Levin

## Wild imaginings that see a baby as a guerrilla

The most extraordinary thing about the remark that Dr Bridget Rose Dugdale is reported to have made at the first sight of her newborn son—"He's going to be a guerrilla"—is that it is quite possible that it was not even said with conscious thought of its effect; "He's going to be a guerrilla" may actually have been the first thing she thought when she saw her child. For

*Cruelty has a human heart And jealousy a human face; Terror the human form divine, And Secrecy the human dress.*

And it is therefore not at all impossible that Dr Dugdale is so far removed from consciousness of her own inadequacy, so unable to see the nasty facility of her own life, so achingly devoid of any trace of a sense of humour, that all she could see in the infant was something as mad, bad and dangerous as she knew as herself. One would not expect Dr Dugdale to declare that her son was a little bundle of joy sent by the angels, nor that his tiny fingers and toes were as beautiful as fairies' footprints; nor would one expect her to announce his birth in the appropriate column of *The Times*. All the same, even for a woman whose most notable achievements to date have been to rob her own parents and then to terrify two gentle

people and steal their pictures, probably for no better reason than that in her poor, broken mind the people represented her parents and the pictures something as eternal and immutable as her beliefs are, she probably did make it. Indeed, it is quite possible that her first-born would be something less famous.

"He's going to be a guerrilla." No doubt Dr Dugdale would dismiss with contempt anyone who found anything odd in such a response to the sight of her newborn child. The "reverberation" is all that matters, and for her I suppose, a baby is not, as it might be to other women who had just given birth, a creature who might take any one of a million paths through life, who might achieve fame or happiness or suffer pain or failure, but an empty vessel into which she will pour all her ignorance, all her desperate need to turn her self-hatred outwards, all her intolerance and dark desire to inflict pain, until the vessel is full of it and it spills over into the same waste and folly as she has made of her own life. She thinks of herself as a guerrilla, though in truth she is nothing but a fool; so she thinks of her son as a guerrilla, though in truth he is nothing but a baby.

One might think that even a woman as confused as Dr Dugdale would stop for a moment and think of her own birth and of her own parents.

It is not recorded what her mother's first words after giving birth were, though I think it is unlikely that they were "She's going to be a fascist-capitalist-imperialist-bandit", still, it is even more unlikely that they contained even a passing guess at what she did in the end become. No doubt, human nature being what it is, Dr Dugdale's mother hoped that her daughter would grow up to be a credit to her parents; no doubt it did not cross her mind that the child would grow up to be a violent terrorist in a rotten cause. Is it not possible, then, that Dr Dugdale's son may grow up to be something less than a credit to his parents, that he might, while loving his mother no less than her parents still clearly love her, confound her hopes by becoming say, a stockbroker, an army officer, or a poet? She will, of course, do her best to make sure that he is not, but she will be the best and grubby values by which she lives; but then, her parents did their best to imbue her with the spirit of the straight and honourable values by which they lived, and although of course she would reverse those pairs of adjectives, doing so might not, in itself, be quite enough to ensure that her proud boast—"He's going to be a guerrilla"—is fulfilled.

Feeling sorry for Dr Dugdale, which I do and which I hope any person of sensibility would be presumably something that would make her much angrier than hatred and denunciation. However just a prison sentence may be, and however impossible it may be to have people like that walking about free to be a menace to everybody else, the sheer horror of locking human beings up in a cage whatever they have done, still comes into any contemplation of crime and punishment. How much more, then, must one feel sorry for Dr Dugdale. In the first place, she committed her crimes because her poor, soft, impressionable head has been so crammed with crazy rubbish by her lover and her own psychological problems that everything else was pushed out of it. And in the second place, of course, she has given birth to a child in prison, and since it is inconceivable that the Irish authorities will allow the child to grow up in prison, there will come a parting which for her will be doubly bitter in that it will not only be the parting of a mother from her child but will inevitably torment her with the conviction that he will be

taught to hate her rubbish cause. I hope myself that it will not need to be taught that I hope that he will conclude when he is old enough to think about such things, that a cynicism leads to such angry behaviour as his mother was involved in must be a cause to shun, though I hope he does not go on from that conclusion to shun his mother, too.

It may be, of course, that I will grow up to be a credit her in a sense different from that which she would under stand, and instead of being a guerrilla will be the instrument of rescuing her from the mental morass in which she wallows; perhaps he will, through example if not through argument, show her, in the no literal sense of the old word, the error of her ways. Perhaps yet the only thing which can be certain is that any who will undertake to say of taintly what a newborn child will become is likely to be co-founded; there is no reason suppose that Dr Dugdale any exception to that proposition, and therefore, though he may indeed turn out as she hopes, is much more likely not to. "He's going to be a guerrilla," is he? Has Dugdale thought of the ultimate horror, the possibility that might be a priest?

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## 'Ore te kimaasai aisidai ankaini oleng'



TO US A CO-WIFE IS SOMETHING VERY GOOD

In Granada Television's *Disappearing World* series, the people speak for themselves. Sub-titles explain the meaning of what the men and women of the tribal societies are saying, but viewers have the pleasure of hearing the way they say it. A simple technique, but one which shows that the human voice can be as important as words in communicating beliefs and ideas.

Here is what some of the critics have said:

'Granada's *Disappearing World* is going a long way towards rehabilitating the image of "savages", partly because of the quality of anthropological reports on the lines of *The Masai*, and partly because the simple expedient of using sub-titles gives us direct access to the timbre of their language.' *Sunday Times* (Peter Lennon)

'... the excellent *Disappearing World* has by now led us to expect the bonus of talk, with sub-titles.' *The Observer* (Clive James)

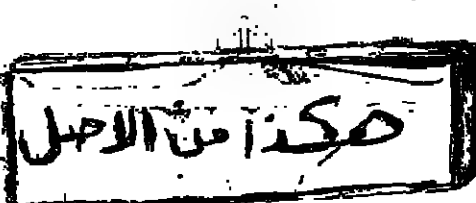
'... I can't remember seeing a documentary that got so well beyond the superficial to reveal the living sinews of a fascinating way of life.' *Daily Express* (James Murray)

'This was an unusually clear and vivid picture of life in a tribal society based on intimate knowledge.' *Daily Telegraph* (Selvia Clayton)

'Shutting your eyes, you can still see flying bodies, naked but for the shine of oil or the pattern of paint. Women laughing over their shoulders, children collapsing with giggles, families talking together in their hammocks in the evening while the clouds turned puffed and pearly... Games, games. Regardless of their doom the little victims play. Though, it seems, the men at least know that a highway is to be driven within a mile of their village in a year or two, and when it comes they are finished. All Granada can do and is doing is to preserve them in amber.' *The Guardian* (Nancy Banks-Smith)

The final programme in the current *Disappearing World* series—*The Sakundei*—is on Independent Television tonight at 9 o'clock

GRANADA TELEVISION



## The Times Diary

### Going hungry to help the starving

week. The Reverend Subir Biswas, dean of Calcutta Cathedral and director of their relief mission, said: "You have to feel it before you can do anything. Anyone who has given up a major meal a day feels it. We do it here at the cathedral to remind ourselves what it feels like."

Christian Aid, in Britain, say they are not going to make their major launch of the Frugality Campaign until after Christmas.

### Not serious

There was a nasty scene at the Albert Hall on Monday night during a concert of Greek music in aid of Cyprus refugees. Ian Hendry, the actor, left the stage to some jeers and booing after a confused 20-minute performance of readings and jokes which offended many of the 3,000 people in the audience.

Hendry had not been scheduled to appear in the programme. He did so at the last minute suggestion of Stavros Xarchakos, the Greek conductor. Xarchakos wrote the music for the recent television series, *The Lotus Eaters*, in which Hendry played an alcoholic living in Crete.

It was Hendry's light-hearted approach which first alienated the audience, among whom were the Cyprus High Commissioner and Greek Ambassador. He began with a joke

about "when I was a little girl..."

George Lanitis, the press secretary of the Cyprus High Commission and vice-chairman of the Anglo-Cypriot Society, said yesterday: "People went there to pay homage to the refugees. It was a serious affair and he wasn't serious. As far as we were concerned it was rather unpropitious that he was there."

Hendry came on stage and sat on a high stool. According to one member of the audience he "rambled in an incoherent way about his early experiences at the Albert Hall". This is when the heckling started. "Hendry, you're boring us", one man shouted.

Then he read a poem by a young refugee and further angered some spectators by appearing to make a dismissive about it. He followed this with what he described as a poetic composition of his own, which some Greeks and Cypriots found incomprehensible.

There were further jeers and groans at this point. "Get off, some people shouted."

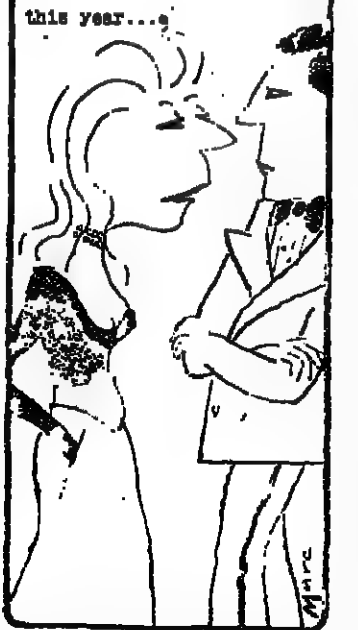
W. B. Whitworth of Much Hadham spotted this novel gift idea in the Christmas gift guide in *The Times* last Saturday: "Girl to join ski party..."

### Uncharitable

Sales of charity Christmas cards in London have dropped by some 25 per cent this year. Part of the shortfall is probably due to the failure of the Charity Christmas Card Council—which represents 105 charities—to open its outlets on time. The opening of four of the seven outlets was delayed by at least a week and takings are down by £20,000.

One factor in the failure to open the outlets on time was apparently a disagreement among council members about suitable sites. Each year, sites are lent to the council by business firms.

"This year we're not even announcing that we're not sending Christmas cards this year..."



Last year the council began selling cards in London on October 8 and between then and October 7 did £79,000-worth of business. This year it began on October 14 and between then and December 7 did £60,430-worth of business.

### Rude, nasty

The Bear Gardens Museum in Southwark has a Christmas show appropriate to its antecedents if not to the good will of the season. *A Very Rude and Nasty Pleasure* takes its title from Pepsy and is an exhibition devoted to the history of fighting dogs, and of bull and bear baiting—ferocious sports for which the Southwark Bear Garden was a popular centre from Tudor times.

The show was arranged in co-operation with the Southern

Counties Staffordshire Bull Terrier Society, and dead dogs several ugly and pugnacious breeds play prominent part. There is also a stuffed dog which looks as if it had been baited with mothballs.

A tribute to the British bulldog, *Canis Pugnax*, says it breed is magnificent, and rare, much maligned and misunderstood. "The bold, and most resolute of animals, there is nothing a good build will not attack... with man, less courage he will give up with life itself." Sadly, says the exhibition, the bulldog is for export. "This noble of becomes degenerate abroad."

### Sporting

When is a festival an arts festival? Local authorities have a few ideas on the subject according to today's Arts Council report on local spending the arts and museums.

"Despite reluctantly exchanging primarily stomach-orientated feasts, it may be that some of the figures listed include more spent on oxen (for roasting) and pigs (for bowling) than on other ingredients in the gastronomic arts," says the report. Contributions to Christmas street lighting were one of the items. The English Folk Dance and Song Society are included, although, by so quick in our cultural history this body is grant-aided by the Sports Council, not the Arts Council.

I am sorry that I diagnosed Lord Olivier's illness wrong, yesterday. He is suffering from muscular inflammation! I expect that, like the rest of us, he is suffering from inflammation also. Get well soon!

Raymond Fletcher's well-known will appear on this page tomorrow.





link with the past! I knew about minutes when I was a girl. So let's enjoy the time while we can understand it, before in the sacred name of progress we move into micro-seconds and millimins.

Yours faithfully,  
DOROTHEA JONES,  
53 Kingsway, Petts Wood, Kent.



## A child's guide to the season's entertainments

Young people who live in the London area can meet Old Masters this Christmas, learn how stars pulsate, work their way through the Bodybox or find out how a surgeon spends his day—all by courtesy of some of the great national institutions which let down their hair at this time of year.

Both in and out of London there are all the usual Christmas shows and exhibitions. Details can be found in local papers but here is a selection:

### Christmas shows

Cockpit Theatre: *Humbug*, adapted from *A Christmas Carol*, December 30-January 4; *Sinbad*, Paul Hansard's Puppets, December 26-28—both matinees only.

Inter-Action: *The Last Straw*, with live animals and live musicians, an "environmental barnyard entertainment"; *Boxing Day* until January 5, Almost Free Theatre—matinees.

Jack and the Beanstalk, Unicorn Theatre for Young People, until January 19—matinees.

Dr Who and the Daleks, Adelphi Theatre, from December 16, daily at 3 and 7.30.

Give a Dog a Bone, Westminster Theatre, daily 2.30, Friday 7.30, Saturday 6.30.

Sooty's Christmas Show, Mayfair Theatre, December 16-January 4—matinees.

Toad of Toad Hall, Haymarket Theatre, December 23 to January 18—matinees.

Winnie-the-Pooh, Phoenix Theatre, December 14-January 11—matinees.

Wonderful Wombles, Shaftesbury Theatre, December 16-January 18—matinees.

Peter Pan, London Coliseum, December 18-January 8—matinees and evenings.

National Film Theatre, Junior NFT: December 21, *Dougal and the Blue Cat*; December 28, *The Court Jester*; January 4, *Louise and the Star*—all matinees.

*Babes in the Wood*, Ashcroft, Croydon, December 20-January 25.

### Lectures, exhibitions

National Gallery: *School's Out!*; meet the Old Masters; new out of school activities for eight to 14-year-olds, from December 12 to January 17; three times daily Tuesday to Saturday, twice on Sunday.

British Museum: Talks, films and activities, December 27 to January 4, 10.30 and 2 daily for 10-15-year-olds; eskimos and aborigines are among subjects at the Museum of Mankind, 10.30 and 2.

Museum of Science and Industry: *The Romance of Surgery—Cutting for the Stone*, December 20; *Cell-Watching or Indoor Ornithology*, December 23; *A Surgeon's Day*, December 31—all at 3 (tea served at 4).

Royal College of Physicians: *Men of the Arabian Desert*, December 19; *Sport, Physical Activity and Health* (Dr Roger Bannister), January 2, both at 3 (also with tea).

Royal Society of Medicine: *The Making of a Mental Hospital*, December 30; *X-rays in Man, Beast and Mummy*, December 31; *Organ Grafting* (Professor Roy Calne), January 2, all at 2.30, tea about 4.

Institution of Structural Engineers: *What Ever Happened to the Motor Car?*, January 3, 2.30.

London Museum, holiday lecture, *The Sleeping Beauty*, Victorian pantomime (children over seven), December 31, January 2 and 3, at 2.30.

Institution of Civil Engineers: *Foundations for the World's Longest Span—Humber Bridge*, December 31; *Discovery and Development of North Sea Oil*, January 2, both at 2.30; films on January 3 at 2.30.

Royal Society of Arts: *The Trumpet Through the Ages* (Philip Jones), December 20, 2.30; *The World of Percussion* (James Blades), December 30, 2.30 (both followed by tea).

Victoria and Albert Museum, Bodgbox, children's exhibition and workshop, until January 26, usual hours.

Institute of Contemporary Arts: *Abrakadabra*, live clowns, hand puppets, etc, December 28 at 11.30, December 30 and 31 at 3. Entry 25p.

Tate Gallery: *Top Ten*, famous paintings, December 31; *Age of Pop*, January 2; both at 2.

Science Museum: *Pulsating and Exploding Stars*, December 28, 30 and 31.

Horniman Museum, Forest Hill: *Growing up in the Sun*, Northern Nigerian life, toys and games, December 27, at 3 (eight to 13 year olds).

Tickets are available for many of the lectures and exhibitions, for some you just walk in; inquire from the secretaries, numbers and addresses in telephone directory.

### Out of London

Glasgow's events include a pantomime with a local title, *Mother McGlasgow*, now on, and *Jack and the Beanstalk* at the Citizens'. Not forgetting *Robinson Crusoe* at the King's.

Manchester's fare is mainly pantomimes and shows, and Liverpool's *Everman Theatre* is running *The Centil Tales* for secondary schools from Boxing Day.

Varload, the touring company, is doing a show called *Sweetie Pie* for secondary schools, free, and teachers should contact them for dates.

Liverpool's International Library, next to the Walker Art Gallery, has *Chosen for Children*, an exhibition of very old comics (no, not the live variety), dating from 1600. This lasts until December 28.

Kenneth Gosling

## Katie Stewart Meals between meals for Christmas



David Frankland

In-between meals at Christmas need not be substantial. A steaming bowl of minestrone soup, or hot bacon sandwiches with a salad are the kind of foods that will be most appreciated. Plan suppers that are quick to prepare and easy to serve.

Make a dish of eggs as the Swiss do. Spread 2oz butter thickly over the bottom and sides of a wide shallow casserole or fireproof gratin dish. Cover the butter with very thin slices of cheese and on top crack six eggs. Season with salt and pepper, then pour over 1 pint single cream and finally sprinkle with 2oz grated cheese. Bake for 10 minutes in a quick oven (400 deg F or gas no 6) to cook the eggs and then give the dish half a minute under a hot grill to crisp the top. In individual gratin dishes you can make this for one or two—allow about 1-2 tablespoons cream per egg. Serve from the dish with hot buttered toast.

You can put your frying pan to work and make scrambled egg for everyone. It is more sensible to use a frying pan when making a larger amount. To make scrambled egg really appealing use a good fat and do not stir all the time so that the mixture is broken up. Wait until the mixture begins to set at the bottom and sides of the pan and then draw the spoon through the mixture gently, so it piles up in soft creamy mounds. Prepare a basic recipe using 8 eggs, which is sufficient for 4 servings, along with 1 pint creamy milk, 1 level teaspoon salt and some freshly milled pepper. Serve scrambled egg on hot buttered toast, in crisp hot *vol-au-vent* cases, or cheese pastry cases.

Scrambled egg with anchovy added is very nice. Allow one anchovy fillet per egg, chop finely and add to the beaten egg mixture, but go easy on the salt for seasoning. Or you might like to spice up the egg mixture with the addition of mustard and Worcestershire sauce.

**Devilled scrambled egg**  
Serves 4  
8 large eggs  
1 pint single cream  
1 level teaspoon salt  
1 level teaspoon pepper  
1 level teaspoon dry mustard  
1 teaspoon Worcestershire sauce  
1½-2 oz butter

Crack the eggs into a mixing basin, add the cream, salt, a seasoning of pepper, the mustard and Worcestershire sauce. Whisk ingredients together and beat.

Heat the butter in a frying pan and pour in the egg mixture. Cook over gentle heat and as the mixture begins to set draw the thickened egg up in soft mounds with a spoon, allowing the uncooked mixture to run against the hot pan base. Draw off the heat while the eggs are still moist and serve with fried mushrooms or grilled bacon rolls.

A plain omelette can be made much more interesting if you give it a filling of fried leeks and bacon. For four servings you need about 1lb leeks which should be trimmed, washed and shredded and 1lb lean bacon rashers finely chopped. Add these to 2oz butter melted in a frying pan and season with salt and pepper. Stir and then cover with a lid. Cook over gentle heat for about 15-20 minutes by which time the bacon will be cooked and the leeks tender. Spoon a little into the centre of each omelette as you prepare it and before folding it over.

An open omelette with a savoury topping is the answer for two servings. This one with cheese, tomato and herbs tastes good and looks colourful. Serve it with crusty bread and a salad.

**Pizza omelette**  
Serves 2  
4 large eggs  
salt and freshly milled pepper  
1 tablespoon cold water  
2oz butter for frying  
or the topping  
1 oz butter  
1 medium onion  
2 teaspoons concentrated tomato purée  
pinch mixed herbs  
3-4 bacon rashers  
2 oz grated cheese

Crack the eggs into a basin, add the seasoning and water. Mix with a fork and set aside while preparing the topping.

Melt the butter for the topping in a saucepan. Add the chopped onion, cover and cook gently for 4-5 minutes, or until the onion is tender. Add the tomato purée and mixed herbs, cook for a moment more and then draw off the heat. Trim and chop the bacon rashers. Fry in a dry pan until the fat runs and the bacon is cooked. Drain and reserve.

Place the butter for frying in an 8-9 inch heavy frying pan. When melted and bubbling pour in all the omelette mixture. Stir for a moment using the back of a fork and draw the omelette mixture in towards the centre of the pan so that the liquid egg runs underneath. When set underneath but still moist on top, draw the pan off the heat.

Spoon over the tomato and onion mixture. Top with the bacon and sprinkle with the grated cheese. Place the omelette under a hot grill just long enough for the cheese to melt. Slide out of the pan onto a hot dish and serve.

For a quick supper snack dip slices of bread—crusts removed—into seasoned beaten egg, letting it soak well in. Then fry to a golden brown on both sides in hot butter and use as a base for grilled bacon rashers, anchovy fillets, sardines or grilled tomatoes. Hot newly made toasted sandwiches to eat with

a knife and fork can always be relied on to revive even the most jaded appetites. Toast the bread for hot sandwiches on one side only. Lightly butter the untoasted side and sandwich the slices together with the hot filling inside and the toasted sides outwards.

Use grilled bacon rashers to make hot bacon sandwiches or sandwich a fried egg and bacon between the toast slices.

For a toasted cheese sandwich, cover the untoasted side of one slice with cheese. Grill until melted and bubbling and then sandwich with the second slice. Or better still combine ham and cheese by placing a slice of ham on the untoasted side under the cheese before grilling. Then sandwich with the second slice.

A club sandwich needs three slices of toast with the middle slice toasted both sides. Spread untoasted side of the bottom slice with butter, then top with chicken or turkey, lettuce and mayonnaise. Cover with the middle slice of toast, then the grilled bacon and sliced tomatoes and finally top with the remaining slice of toast, butter untoasted side inwards.

The classic combination of a hot vegetable with cold meat instantly cheers up slices of honey roast ham, cold chicken or turkey. Potatoes are just right now for baking in their jackets. Choose large even sized ones, scrub them and, while still damp, roll them in kitchen salt. Salt brings out the flavour and keeps the skins deliciously crisp during cooking.

With your frying pan you can make lots of crisp fried potatoes with onion and if you care to add chopped anchovy fillets just before serving they will have a really good flavour. Make your fried potatoes with blanched slices of raw potato and you will find them a great improvement on the left-over boiled potatoes so often used. Blanched raw potato slices are just as quick to cook and rarely break up on frying.

To serve four you will need about 1½lb potatoes. Pare and then cut them into ¼in thick slices. Blanch for five minutes only in boiling salted water, then drain. Fry them as you would normally, remembering that for crisp potatoes that are tender inside you should cook them over a fairly high heat. Use a mixture of butter for flavour and oil to get a good colour without burning. Any onions to be mixed with the potatoes should be fried separately for they require gentle cooking. Proportions are not important, one or two onion peeled and sliced are usually adequate. Add the cooked onion to the pan of potatoes just before serving and give the mixture a quick fry to heat everything through.

Savoury rice makes a marvelous hot dish too, but the mixture must be well spiced and with plenty of flavour. Try Spanish rice which is a mixture including onion, tomatoes, herbs, or make up a packet of the curry flavoured ready-to-cook rice to which you can add extra crunchiness with toaster flaked almonds.

At Christmas time especially good soups can be made with packets of condensed soups when you use turkey stock instead of water. Into a really large saucepan put the broken up carcass of the bird and any bones from the meat, any ham skin, bacon rinds or giblets. Add a large onion stuck with a clove, a large carrot scrubbed and halved, 1 sticks celery, a small bay leaf and a few parsley stalks. Add cold water to cover and allow 1 level teaspoon of salt to every 2 pints of water. Bring to the boil for 2 minutes only skim carefully and reduce the heat to a simmer. Leave to cook for 3-4 hours, then strain carefully and use.

Any home-made stock makes just the right base for minestrone—a soup which really does need the flavour of a good broth. This is a substantial soup, but almost a vegetable stew if a lighter soup is required, either increase the amount of stock, or use fewer vegetables.

**Minestrone**  
Serves 4-6  
1 carrot  
Small piece turnip  
1 medium potato  
1-2 stalks celery  
1 onion  
1oz butter or 2 tablespoons oil  
1 clove garlic, optional  
2-3 streaky bacon rashers  
1½ pints stock  
2 large tomatoes  
1 small leek  
1 cup shredded cabbage or sprouts  
1 oz broken up spaghetti or quick cooking macaroni  
grated cheese for serving

Peel and slice the carrot, cut up the turnip and potato into small dice. Wash and slice the celery thinly. Skin and chop the onion finely.

Heat the butter or oil gently and add these vegetables. Add the skinned, crushed and chopped garlic, if liked. Sauté for a few minutes, then add the trimmed chopped bacon and cook for a further 2-3 minutes.

Stir in the stock and season as required. If you use ham stock or bouillon cubes, remember they are rather salty. Simmer with the lid on for 20-30 minutes, until the vegetables are almost tender. Add the tomatoes, skinned, halved and chopped up, the leek finely sliced and the shredded cabbage or sprouts. Bring back to the boil and then add the spaghetti or macaroni. Boil gently with the lid off until the pasta is cooked—about 10 minutes. Check seasoning and serve with a bowl of grated cheese, preferably Parmesan.

It's got to be Gordon's.

150-151







**BELL'S**  
SCOTCH WHISKY  
*Afore ye go™*

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## LAINING

LOCAL  
OR NATIONAL  
CONSTRUCTION SERVICEBank committee  
puts case for  
self-regulation of  
capital markets

John Whitmore, the City Capital Markets Committee, set up under the auspices of the Bank of England, has today issued a report which is intended to improve communication and the handling of public issues in the City, has not only strongly in favour of self-regulation of capital markets in the United Kingdom, but also goes on to criticize the present system of the Department of Trade for its inability to supervise the market for its stability or unwillingness to force the considerable supervisory powers it already holds for the present Companies Act.

The defence of the self-regulatory system by the CCMC is in a paper, "The Supervision of the Securities Markets", which has been drawn up in response to questions put by the Department of Trade in its recent inquiry into the management and supervision of the market.

The report sets out a number of issues, including objectives and the success of existing regulatory bodies, continuing validity of those objectives, the gaps in the present system and the pros and cons of self-regulation as an alternative to statutory controls.

Commenting on the report, Mr. Whitmore said: "It was sent to the Department of Trade over the weekend—Mr. Ian Fraser, the Director-General of the Board, who chairs the committee, said that it represents the first attempt by a City body to put its own report was designed to 'show no case at all for statutory control of the market'." He said that the report was "a major conclusion of the committee is that 'while it is clear that the arrangements presently exist for the management and supervision of the market, they are not sufficient to ensure the stability and integrity of the market'."

The British securities market may not be faultless, the system has demonstrated in operation that it is fundamentally successful in attaining appropriate objectives.

The primary objective is defined as "the creation and maintenance of a capital market which is efficient, effective and honest". And it must be in the interests of those who operate in the market and derive a living from it, the committee goes on to argue, that they impose an adequate regulatory system to see that this objective is achieved.

To this end the committee then points to the many ways in which the investor is at present protected from possible abuse.

Points here include: the higher level of disclosure demanded by the Stock Exchange; the Stock Exchange rules against market rigging and misconduct by its members; the Stock Exchange compensation fund to protect investors against default by brokers; the way in which the jobbing system rapidly enables new information to be reflected in prices; and the successful role of the Panel in insuring equitable treatment for all shareholders in takeover situations.

However, the report does point to certain areas where the committee feels there is room for an extension of statutory provisions. The committee, for instance, like to see insider dealing made a criminal offence and, as such, to be investigated and dealt with by the normal organs of the state.

Moreover one member of the committee, Mr. N. S. Wilson, also believes that the Panel "should at least have some statutory framework enabling it to impose directly pecuniary penalties for a breach of the rules."

Australian protest at  
M Holden 'threat'

Canberra, Dec 17.—Mr. Jim Cairns, deputy prime minister, said there was no need for the Australian Government to threaten the Australian Government or dismiss thousands of workers to get action by the German car giant.

Mr. Cairns said: "The automotive industry all over the world is going through a basic restructuring. GMH in Australia is part of this."

If it wants to blame the Australian Government, it should provide it with an excuse; that is no way to handle industrial reconstruction problems. GMH need not threaten the Government, nor the workers just before Christmas."

He said GMH persisted in laying off workers even though the Government told the company that the volume of Japanese imports into Australia, at present 34 per cent of the market, would be halved in January.

Mr. Bob Hawke, head of the Australian Council of Trade Unions, called on the Government to move immediately to protect the jobs of GMH employees.

He gave a warning that as many as 20,000 workers could be added to the unemployment rolls because of expected layoffs in the components supply industry.

Jersey rejects  
500-a-firm  
corporation tax

Jersey's MPs today followed the Government's proposal to increase local corporation tax from £300 to £500 a firm from January.

The tax is paid by locally-incorporated companies not trading in the islands. Local finance has given a warning that increase could drive such companies to alternative low areas and damage confidence in the Channel Islands offshore finance centres.

The corporation tax decision follows publication of the Finance Bill. Anecdotes are rising over part of Clause 10 which would extend capital transfer tax liability to former residents settling in the islands after November 12 last.

The clause is to be studied by Jersey's Constitutional and Finance Committee, advised by Guernsey's advisory and finance committee. Tax experts described the clause as a "liberate attack" on fiscal liberties of the Channel Islands and the Isle of Man.

UK team to  
study Dutch  
paper salvage

Dutch waste paper salvage methods are to be studied by a team of British experts as part of a bid to improve British methods.

Representatives of the advisory group on waste paper collection and recycling, set up this summer under the chairmanship of Mr. Michael Metherell, Under-Secretary for the Environment, leave for Holland this week.

At present only about 27 per cent of the total paper and board which is used in the United Kingdom is salvaged, a lower proportion than in West Germany or Japan as well as in Holland.

Britain paying £30m  
to development bank

The United Kingdom is to contribute £71.7m (about £30m) to the Inter-American Development Bank in three annual instalments, probably starting in 1976.

Processors call for EEC  
quality on sugar prices

Hugh Clayton, Food processors said yesterday that they had a three-point claim to the Government over sugar marketing next year. The claim was made to Mr. Ian Fraser, Minister of Agriculture, four trade associations which together use more than half of the sugar supplied in Britain.

They asked first for an extension of the equalization scheme beyond its closing date at the end of this month. Under the scheme the high price of cane sugar and low price of beet are merged by the Sugar Board into a common wholesale rate targeted for sugar from all sources.

They also wanted sugar to be sold to them next year at the same price as that paid by food processors in other EEC countries, even if Britain had to pay more for raw sugar than the rest of the Community.

It was feared that a high sugar price in Britain would open domestic and export markets to large imports of cheap sugar-based countries.

Lastly, the associations called for fairer sharing of available sugar between retailers and industry. This year government policy has consistently been to channel available supplies to shops at the expense of industry.

The four associations concerned were the Cane and Beet Alliance, the Cocoa, Chocolate and Confectionery Alliance, the National Soft Drinks Council and the Food Manufacturers Federation. Their annual sugar consumption is equivalent to slightly more than the 1.4 million tons from developing countries from which a 1975 contract has still to be agreed in Brussels.

Gold soars  
after Ford  
pact with  
M Giscard

By Melvyn Westlake

Government officials in London and other capitals reacted to the importance of the gold agreement reached during the meeting of President Ford and President Giscard d'Estaing on Martinique, the British market reacted with a sharp rise. On the foreign exchanges there was a corresponding slump in the dollar.

There appeared to be a divergence of interpretation about the significance of what had been agreed at the Franco-American talks.

However, the prevalent view on the world's major bullion markets was that the United States had retreated from its historic position of a fixed valuation of the official dollar price of gold of \$42.22 an ounce.

Heavy and sustained buying of the metal was reported, driving the free market value up by \$6.00 an ounce to \$189.00, just \$1.75 short of the record level reached last month.

In Zurich, the dollar fell to its weakest level ever. It also tumbled in Paris, Frankfurt, Amsterdam and other financial centres. Sterling rose 1 cent against the United States currency to \$2.3345.

The monetary authorities were clearly taken aback by the impact of the Franco-American agreement on the bullion and exchange markets. There were a string of statements denying any intention to change the gold component of the various national reserves holdings.

Official sources in London said that Britain did not intend to increase the accounting value of its gold holding, currently 21m ounces, valued at \$886m.

It was emphasized that the Government had not changed its view that gold should be placed out of the monetary system. One official stressed that the Martinique agreement—which allows "any government which wished to do so to adopt current market prices as the basis of valuation for its gold holdings"—was in no sense a new development.

Earlier this year Italy had used its gold—valued at market-related prices—as collateral for a loan from West Germany.

The only significant departure would be if central banks were actually allowed to buy gold from the free market, add to national holdings, according to the official view.

In the meantime, the link between gold and the international Monetary Fund's special drawing rights had recently been severed, giving a further push to the demonetization of gold.

In Frankfurt, Dr. Otmar Emminger, vice-president of the Federal Bank, said that Germany was "unlikely to reveal its own gold holdings. He said that it did not regard it as an important problem in international monetary terms."

The question of whether central banks should be allowed to buy gold on the free market was, in his view, an "obsolete" one.

The French, however, were predictably out of step. Mr. Jean-Pierre Fourcade, the French Finance Minister, said that the Franco-American agreement had removed an important obstacle to a better balanced international monetary system.

A fresh indication of the general movement away from the use of gold came yesterday from the European Community Commission.

The Commission wants to create a new Community monetary unit that should gradually replace the current unit of account for which there is a confusing variety of calculations and which is pegged to gold.

Dr. Wilhelm Haferkamp, Monetary Commissioner, said the new unit should be based on a basket of EEC currencies.

Government is expected to pare back state  
steel plans to raise prices by up to 25pc

By Peter Hill  
Price increases of up to 25 per cent that the British Steel Corporation planned to introduce from the beginning of next year are expected to be pared back considerably by the Government.

Under the terms of the European Coal and Steel Community, the BSC has freedom in pricing strategy but the British Government has traditionally intervened in the corporation's price increases.

For the corporation to implement increases from January 1 next year, its intention to do so needed to be notified to Brussels yesterday under the ECSC 15-days rule.

This notification has apparently not been made, and the indications are that the BSC faces another battle with the Government over the next few days.

Since the state steel undertaking submitted its price proposals involving the restructuring of the corporation's entire price lists there has been little discussion with the Government.

Given the complex nature of the restructuring, BSC officials expected that they would have been called to provide additional information.

However, despite the Chancellor's commitment to an ending of subsidies in the nationalized industries outlined in the November Budget, it appears that the Cabinet is not happy about the scale of increases proposed. Some ministers are apparently keen to see the scale of price increases reduced substantially.

Given the current downturn in the demand for steel throughout the world, the BSC might be prepared to accept some downward revision of the original increases.

But drastic cuts would certainly be strongly opposed by Mr. Monty Finiston, the BSC chairman. He has made no secret of his distaste for government interference in pricing strategy and of his belief in the importance of the BSC continuing along the profitable path on which it has now started.

The lack of any clear indication from the Government is also a source of concern to the private sector steelmakers. Their prices have tended to follow those adopted by the state steel undertaking.

Representatives of the British Independent Steel Producers Association (BISPA) were due to meet today in Birmingham to discuss their next price moves, but that meeting has been cancelled pending the outcome of the BSC's discussions.

Private sector prices are about 15 per cent higher than those of the BSC, and private sector producers consider that increases of up to 20 per cent can be justified on cost grounds alone.

In a speech to the annual general meeting of BISPA yesterday, Mr. R. C. Bruce Gardner, the retiring president, said that with steelmaking costs surging upwards throughout the world, no unreasonable restraints on price levels for steel products should exist.

He continued: "Despite inflationary problems, steelmaking prices must be kept at a level which is adequate to cover operating and raw material costs and provide the profit which is essential to fund the investments required."

BISPA members are also becoming increasingly concerned with the BSC's inability to meet their demand requirements.

The constraints on the BSC's production this year had seriously affected private sector producers of finished products, and in some cases, Mr. Bruce Gardner said, had been subjected to more acute "three-day week" conditions than those which arose from the miners' strike at the beginning of the year.

Unable to meet the demand from their customers, private sector producers have been forced to introduce short-term working because of the inadequacy of supplies from the BSC.

Triumph car strikers  
accept compromise

By R. W. Shakespears  
Assembly workers at British Leyland's Triumph car plant in Coventry, whose strike over lay-off pay stopped all production and made 11,000 workers idle, are to go back to work today.

But thousands more Midlands car workers were told that they were being laid off for "extended holidays" over the Christmas and New Year period.

This is because of production cuts made necessary by the depressed state of the car market.

The 1,000 Triumph assembly workers, who have been on strike for three weeks, voted at a mass meeting to accept a recommendation of their shop stewards and approve settlement terms reached in negotiations with the management at the weekend.

The men have been demanding lay-off pay for time lost during a two-week strike by control room staff at the Coventry car plant. The two consecutive disputes have together cost British Leyland about £30m worth of lost production.

The settlement is the result of a compromise. Fresh negotiations have taken place between management and unions on the basic issue of lay-off pay. The present agreements rule out such payments when men are made idle by disputes of any kind within their own plant.

For the next six weeks, while these negotiations are being held, British Leyland workers have been guaranteed payment at 80 per cent of average earnings—if they are laid off because of any "constitutional strike" when normal negotiating procedures have been exhausted.

Unscrupulous second-hand car dealers are becoming increasingly active as the motor trade tries to reduce stocks of "poor sellers" in anticipation of a further recession in sales.

This warning came yesterday from the West Midlands Consumer Protection department. It stated that one in seven of all complaints being received relate to second-hand car sales.

"Few areas of trade offer as much scope for sharp practices as the sale of second-hand cars."

Since the department was formed in April, it has received nearly 2,000 complaints about second-hand car deals and claims that in a high proportion of these it obtained redress for buyers. There have also been many successful prosecutions and a further 15 are pending.

A high proportion of these cars, the department said, had belonged to companies and could have travelled as much as 50,000 miles in a year compared with the average motorist's 10,000 to 15,000 miles. Such cars were bought cheaply at auctions and, after the bodywork had been polished and their mileage recorders wound back, were often sold as one or two-year-old low mileage cars.

Another risk for unsuspecting motorists was the multi-deposit trick. The department said dealers took a number of deposits from would-be purchasers, then left the area to repeat the process on another site with the same car.

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Coal Board  
leasings  
not within  
guidelines

By Maurice Corina  
Industrial Editor  
At least three leasing schemes introduced by the National Coal Board in recent years do not conform to Treasury guidelines issued after the British Railways Board's controversial tax avoidance scheme for the supply of rolling stock.

Last week, the Commons Committee of Public Accounts criticized Whitehall over the Railways Board scheme, which prompted changes to tax regulations and also led to the framing of special guidelines for nationalized industries when they entered leasing programmes for capital equipment.

The Coal Board's biggest leasing deal concerns its North Sea exploration company, which has a subsidiary L. S. Leasing to which a financial consortium has loaned up to £25m and which hires about £12m worth of equipment for the Viking gas field. Under an agreement, some 90 per cent of the tax saving under a group relief accrues to the Coal Board.

Other leasing concerns cover other board activities, leasing vehicles, earthmoving equipment, and roof supports. These activities operate through L. F. Leasing and D. R. Leasing, and the facilities are set up to at least £11m in leased items.

Since the Treasury issued its guidelines two years ago, four other nationalized industries have adopted leasing schemes, all conforming to present Whitehall rules.

The Coal Board's schemes were worked out before the rules came into force, and approval was not sought from Whitehall before they were made. The Treasury now holds that three of the Coal Board's schemes could not have conformed to its guidelines.

Other nationalized industry leasing arrangements include the British Gas Corporation, which has a £15m annual ceiling for this method of providing equipment and promises to hire 16 compressor sets for the Frigg gas project, worth £15m over three years.

The Post Office has an arrangement with merchant bankers Samuel Montagu and Co for leasing cable ships, while the CEBG has approval in principle for leasing gas turbines with private sector finance.

US shipping  
law criticized

The Council of European and Japanese Shipowners Associations (CENSA) representing more than half the world's merchant shipping, yesterday expressed deep concern at the passing this week of the United States Energy Transportation Security Act. This reserves 20 per cent of American oil imports to US flag ships, rising to 25 per cent next June and 30 per cent the year after.

Mr. Bob Russell, chairman of CENSA, said the measure, passed by four votes with six abstentions in the Senate, offended against relations with friendly nations.

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White House may back  
down on Exim Bank

From Frank Vogl  
Washington, Dec 17  
It appears that the White House is backing down in its opposition to Congressional action to set firm limits on Credits that the Export-Import Bank can make for American companies for Russian trade deals and on severe restrictions on the bank's financing of Soviet energy projects involving United States companies, Senate sources stated.

The White House, the sources added, is having to accept the fact that unless it accepts such limitations, which it has bitterly opposed, there is just no chance of the Export-Import Bank Bill being passed by the Congress.

The Bill is vitally important because it extends the life of the bank and grants it lending authority of \$25,000m (£10,800m) over the next four years. Since November 30 the bank has been stripped of its authority to make any new loans.

Leaders of the Senate and the House of Representatives will confer on the Bill tomorrow morning for the second time, following the rejection of the final conference report by the Senate yesterday.

Both houses have, to the disappointment of the White House, already agreed that the bank should not be able to make loans of more than \$300m to United States-USA trade deals without additional Congressional authorization.

One of the main points at issue now centres on imposing tough restrictions on the bank's lending to energy projects in Communist countries.

Several major deals are currently awaiting decisions from the bank, including a \$49.5m loan to United States oil companies that have agreed to undertake energy exploration, in conjunction with Japanese companies, in Siberia.

Senate sources suggest that a compromise may be reached, which the White House has grudgingly accepted, that would demand that the bank obtains special authorization from Congress for all loans to energy projects above \$25m to just the Soviet Union.

There appear to be strong pressures for such restrictions because of the growing feeling here that the big United States controlled multinational oil companies are striving to obtain cheap credits from the American Government to develop oil wells in Russia that will produce oil that will never come to the United States.

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## Drivers' strike halts port

By Michael Bally  
Shipping Correspondent  
The port of Southampton came to a virtual standstill yesterday because of unofficial action by crane drivers over what they consider unduly protracted pay negotiations. They say they will start work again on Friday.

All container and most break-bulk cargo operations are stopped, but British Transport Docks Board said last night they hoped to keep roll-on-roll-off traffic moving.

Speaking for one of the leading users of the port, Union-Castle Line, Mr. Geoffrey Bedford, director, said: "There are only about 150 out of 2,000 dock workers but they are holding the whole port to ransom."

Tyneside layoffs: Swan Hunter Shipbuilders last night laid off a further 165 workers from their six Tyneside shipyards bringing the total laid off as a result of pay disputes to 5,841. Together with striking electricians nearly 6,500 of the 10,000 work-force are now idle.

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# Mr Simon against excessive stimulus for American economy

From Frank Vogl Washington, Dec 17

Mr William Simon, the United States Secretary of the Treasury, today came out against tax cuts to stimulate the economy and told the Senate's budget committee that "if we turn again to excessive economic stimulus, in an attempt to escape the consequences of our past indulgences, we will only be presented with a larger bill later on."

Mr Simon recently admitted that a tax cut is under consideration by the Administration, but he clearly attempted today to dampen speculation on this.

He said in his testimony that there is a serious danger of over-stimulating the economy, that can only produce another round of inflation.

The Treasury Secretary also gave a warning against neglecting inflation at this time of recession. His comments came just as there are increasing indications in the money markets that the Federal Reserve is easing policies again and that the Fed is lowering its Fed funds target rate by around 0.5 per cent to around 8.5 per cent.

President Ford's chief economic policy advisers are now

hard at work devising strategies to stimulate the economy and an increasing number of economists believe that the advisers will come out in favour of tax reductions.

The respected Argus Research Corporation states in its latest report that "a tax cut is coming" and the economists at the First National City Bank appear to take this for granted in their latest budget estimates.

Belief that the President will abandon the policies of the "old time religion" of fiscal monetary restraint is based on the now prevailing view that the recession will be deeper, longer and more pervasive than was expected.

The latest economic report by Citibank forecasts a current fiscal year Federal budget deficit of \$20,000m and adds that the deficit may be even larger for fiscal 1976, which starts next July 1, because of tax cuts.

A big worry for Administration officials now is the rising level of bankruptcies. President Ford has shown particular concern about this in recent days and it appears to be one factor that many experts believe will change the President's mind on tax cuts.

# Report says promote more women in retail trade

The retail trade should make better use of its staff by employing more female shop managers and by developing managerial talent from the shop floor, recommends a Nedd report on career development in retail distribution published today.

The report concentrates mainly on the job of the shop manager. The job, says the report, has in recent years become more concerned with management and the operation and control of systems laid down by head office, and less concerned with customer contact and detailed knowledge of merchandise.

Recommendations in the report, carried out because of concern over the shortage of competent shop managers, include a strengthening of ties between the branches and head office in terms of personnel management, career training and better selection procedures.

# Chemical plants ahead in productivity

New figures released today from the Census of Production show that the chemicals industry is still ahead of other manufacturing in productivity. The net output per head increased from £3,981 to £5,026 compared with the average over the same period for manufacturing, which was £2,283 in 1970 and £3,476 in 1973.

Over the three years, the chemicals industry shed around 25,000 workers, and now operates with a labour force of about 400,000, including working proprietors.

# Yarn output drops

Marked falls in single yarn production, but increased output of woven cloth in October compared with earlier periods, are reported by the Textile Statistics Bureau. The organization said that during the month, the industry had been severely affected by short-time working and temporary closure of some mills.

# Japan keeps credit grip

Mr Teichiro Morinaga, the Bank of Japan's new governor, said the bank will continue its tight money policy, because recession in Japan is still milder than in the West.

# German monetary aims

A gradual continuation of the downward trend of interest rates in West Germany is preferable to a forced reduction which might bring about a reaction on the capital market, the German federal bank said in its monthly report yesterday.

# Government talks on N Sea taxes 'nowhere near completion'

By Christopher Thomas

It now seems unlikely that the Government will reach a decision for many weeks about the rate or structure of the proposed taxation of North Sea oil.

Mr Dell, Paymaster-General, told the Commons committee considering the Oil Taxation Bill yesterday: "There have been suggestions that the Government has decided the rate of tax. Nothing could be further from the truth."

"We are nowhere near completion of our discussions with the industry. An enormous amount of evidence has been submitted which will take some weeks at least to analyse."

"I find the consultations of enormous value. I hope they give the industry some confidence that the Government does not intend to adopt policies that will drive them out of the North Sea. It is only by mutual co-operation that the riches of the North Sea can be yielded for our benefit."

His first meeting with the oil companies was on November 19, and since then he had daily been receiving evidence, calculations and comments.

Mr Dell said some oil companies were putting pressure on him not to introduce a variable rate of tax, but a fixed rate. If there was a fixed rate, ways would have to be found of dealing with marginal oil fields.

Mr Patrick Jenkin, Opposition spokesman on energy, urged the Government not to rule out different structures for taxing oil.

Morocco takes 50 per cent BP stake: The Moroccan government announced in Rabat that it had taken more than 50 per cent of the capital of the British Petroleum Company in Morocco.

# Staff shortage may hit offshore industry

By Business News Staff

Manpower and training needs of the offshore oil and gas industries must be regularly monitored by the Manpower Services Commission, says a report published yesterday. The report makes it clear that the short-term and long-term implications of offshore development for labour may be complicated.

The report, commissioned by the MSC, says that in the next few years the offshore oil and gas industries face labour shortages. There are, states the report, immediate and continuing shortages of geologists, petroleum engineers, drillers and divers.

Examining related onshore activities, the report says that an area in which there is particular uncertainty is platform construction. A high level of demand can be expected into the 1980s, but decisions have still to be taken on the type of platform.

# Brussels studies Roche market

Brussels, Dec 17.—The EEC Commission said in reply to a written question that it was still investigating the Hoffmann-La Roche pharmaceutical group's alleged monopoly in supplying Librium and Valium tranquilizers.

The Commission, which has wide powers to ensure fair competition in the EEC, said that, on the wider question of tranquilizers, it was examining the findings of market definition studies in order to determine the Hoffmann-La Roche group's share of the market.—Reuter.

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# LETTERS TO THE EDITOR

## Poor need heating subsidies

From Mrs M. J. Watson

Sir, The decision to lift the subsidies from the gas and electricity industries, while making economic sense, will bear very heavily on persons on fixed incomes. This section of the community, consisting, among others, of single parent families, the elderly poor, women who stay at home to care for aged parents, and those in receipt of tiny pensions for disabilities of various kinds, are already deprived and in many cases barely surviving.

When the prices of their heating and lighting shoot up their efforts at economy could have disastrous consequences. No doubt in due course the heating allowances for which one can apply to the Social Security office will be increased. However, in my work at the Citizens Advice Bureau it is obvious that many people do not know about the allowances; many that do know would rather freeze than go and ask for them; and the allowances are totally inadequate anyway.

Therefore, would it not be better to reverse the present pricing system of gas and electricity (starting high and reducing the more one uses) which was formulated in those halcyon days when John Public was to be encouraged to use as much fuel as possible to a system whereby a certain number of units would be very cheap indeed, and after this to let the price rise very steeply? In this way the poor and the thrifty would be encouraged to keep warm to a certain minimum standard; the rest of us would be encouraged by the size of our bills to carry out that insulation the powers that be now wish to encourage—and to be thrifty if we did not wish to be poor.

Yours sincerely,  
M. J. WATSON,  
13 Abbey Park Road,  
Grimsby, South Humberside.

From Mr K. Brown  
Sir, Mr Norman complains (December 11) about having to pay for rainwater in his fuel.

His remedy is simple. Some years ago I objected to paying the then price, about £15 a ton for rainwater supplied by the gas company.

He should take about a couple of pounds of the wet coke weighed on the kitchen scale and put it in the oven Gas Mark 1 or 220 F for an hour or two and weigh it again. He might repeat to ensure that all the water was evaporated. This gives him a very exact percentage of water. In my case the same experiment showed me that coke stored under cover contained about 7 per cent moisture. My wet coke showed over 20 per cent moisture. I assumed generously that 10 per cent might be a reasonable figure for this, and a little very simple arithmetic told me how much I should deduct for the surplus rainwater. I deducted this amount from the bill and invited the gas company to sue me for the balance. Suppliers of coke or anything else will never face the court when they can so easily be shown to be in the wrong.

I am, Sir,  
Yours etc,  
KENNETH BROWN,  
30 Short Street,  
Anstruther, Fife.

## Taxpayers ought to be grateful for Clause 40

From Mr Peter Harris

Sir, Mr William Goodhart, in letter (December 12), wrote too strongly.

As he correctly states, in the old estate duty rules, property outside the United Kingdom made by non-domiciled individuals were exempt from estate duty if the died on the following day.

Under capital transfer precisely the same rule applied to a transfer of value made by non-domiciled individuals outside the United Kingdom does not attract a transfer tax.

The Chief Secretary to Treasury at no time gave indication or assurance amounting to grounds for assuming the Government was not reconsidering the definition of "domicile".

Any professional who has been asked to consider the taxation implications of transfers of property, on March 25, 1974, clearly have borne in mind the possibility of the definition of domicile for this purpose, to be changed.

Mr Goodhart states "quite a number" of individuals made gifts or settlements between March 26 and December 9, which would be liable capital transfer tax. The fact that such a tax liability applies if the Finance Bill becomes law is published as a *prima facie* indication that the donors or settlors concerned probably gave up permanent residence in the United Kingdom, during the years preceding "the relevant time"—i.e. the time of the change.

Mr Goodhart is presumably aware of the very great difficulties involved in establishing a change of domicile, and that there is a presumption of law against such a change. The taxpayers concerned should be grateful that Clause 40 of the Finance Bill makes the transition for the future absolutely clear, and gives a start answer to the very difficult legal problems relating to change of domicile which otherwise have arisen in case of "quite a number" of individuals who have a transfers of value since March 26, 1974.

Yours faithfully,  
PETER HARRIS,  
Millstones,  
Wetherham Road,  
Limpfield,  
Surrey.

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Yours faithfully,  
PETER HARRIS,  
Millstones,  
Wetherham Road,  
Limpfield,  
Surrey.

## High cost of packaging

From Mr A. Fisher

Sir, The Price Commission survey published on November 29 makes timely reference to the high cost of packaging in supermarkets. This has always been a burden the consumer has had to bear but now with the scarcity of packaging materials and increasing inflation, the matter is becoming serious and something needs to be done about it.

My own field is in fresh fruit and vegetables. I can say that over many years methods of low cost distribution have been studied and in recent years systems have been operated successfully which prove that these high costs now being passed on to the consumer are unnecessary. Mrs Shirley Williams and her department cannot turn a blind eye to this situation and it would appear to me that an investigation and report is needed.

One supermarket executive stated on the radio that his company did their own packaging and avoided the problem. This statement was not entirely true and in any case, whoever does the packaging engages in a labour and materials intensive exercise and incurs identical costs. Also packaging, hops, fresh, increases handling, damage and some popular

materials are harmful to the image our trade expects to provide, when the housewife's purchases are seen on the kitchen table.

ALAN FISHER,  
The Albert Fisher Group Ltd,  
Brun Street,  
Burnley, Lancashire.

## VAT nil returns

From Rev C. G. Stables

Sir, Our local fruit and vegetable shop, selling nothing else, and so not liable to VAT, has just been told that a monthly "nil" return is not acceptable. Although the shop has been inspected by HM Customs officials, the proprietor has to complete every item on the forms, whatever the case, although it will be nil in every case.

Why does Parliament give such authority to minor officials to harass small traders in this way? Already one shop has stopped selling fruit and vegetables and others may soon follow suit. In a country district with few shops anyway this is a serious matter to the public, if not to officials.

Yours faithfully,  
C. G. STABLES,  
Franklin,  
Easton Green, Framfield,  
Uckfield, Sussex.

## Calculating α of motoring

From Mr W. P. Grant

Sir, The letter from Mr D (November 1) is a typical example of how motorists takenly calculate their costs account only petrol costs and ignores the 1 sums represented by depreciation, maintenance costs, insurance and taxation. Inclusive these items would give more realistic comparison public transport costs.

Yours faithfully,  
W. P. GRANT,  
36 Cowdry Close,  
Leamington,  
Warwickshire.

# UK facing 'relegation battle'

By Malcolm Brown

Britain is facing a "relegation" battle, Mr Ralph Bateman, president of the Confederation of British Industry, said yesterday.

"Somehow we must bring the fierce national and local pride and competitiveness which we see on the sports field into the factories of Britain", he said.

Mr Bateman, who was speaking at an American Chamber of Commerce lunch in London, suggested that an agreed incomes policy was an essential feature of any recovery programme.

Industry had to be just as competitive as any football team to stay on top and as the country was facing a relegation battle it was up to everyone to give their fullest support and encouragement at this difficult time.

"Our economic future relative to that of our competitors will depend upon our own behaviour and decisions", Mr Bateman said.

# Oil puts 3.5m lire on Italy's deficit

From John Earle Rome, Dec 17

Italy's balance of payments deficit will at the end of the year surpass 5,000,000 lire (about £3,000m), of which 3,500,000 lire is because of the higher cost of petroleum, Signor Emilio Colombo, the Treasury Minister, told the Chamber of Deputies in a debate on the economic situation.

Indicating that measures may have to be taken to reduce essential imports, he said that the government's objective was to eliminate the non-oil deficit next year, leaving an oil deficit for 1975 of 3,200,000 to 3,500,000 lire.

Italy, he said, would have to seek further foreign credits next year. At the end of this year, foreign indebtedness would reach the level of 9,000,000 lire, requiring annual interest payments up to 1978 of some 900,000 lire.

Signor Giulio Andreotti, the Budget Minister, said that the economic situation was of unprecedented gravity.

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# The Central Manufacturing & Trading Group Limited

"Current trading ahead of last year"

reports Norman Hickman, the Chairman.

Extracts from the Chairman's Statement and the Report and Accounts for the year to 31 July 1974.

## Trading Results

The year has not been an easy one with industry beset by a variety of problems such as the oil crisis, the miners' strike and the three-day week. However, in spite of these frustrations, further substantial progress, much of it achieved by internal expansion of existing companies, has been achieved. Turnover and profits are again a record with the pretax profit 85.7% ahead at £3,630,054. Earnings per share rose from 6.8p to 10.0p.

A final dividend of 10.26358p, coupled with an interim dividend already paid, makes 20.31358p for the year which is the maximum permitted. Shareholders will also be offered the opportunity of receiving shares in lieu of the final dividend.

Market conditions were generally buoyant throughout the year and the demand for the group's products was at a consistently high level.

Our success, based on high quality service and a wide range of products, entails carrying heavy stocks. Despite our record profits, funds generated were insufficient to sustain the business without recourse to extra borrowings.

With an increase in profits from £0.25m in 1967 to £3.63m in 1974 the group has shown considerable growth and has now emerged as one of the largest suppliers in the country of a large range of industrial products.

## Review of Divisional Activities

### Steel Stockholding & Metal Processing

Demand was at a very high level throughout the year and the division had the most successful year in its history with trading profits increasing 107.1%. Despite the difficulty of obtaining many types of steel, turnover increased substantially, and represents a considerable increase in tonnage sales. It is unlikely, however, that conditions during the current year will be as favourable. Ferrous scrap and metal processing experienced a year of booming demand with an explosion of prices. We expect further development and expansion in this sphere in the future.

### Asbestos, Rubber, Plastics and Services

This division experienced buoyant demand, once again constrained by a shortage of vital materials. The order books are at a high level and prospects are sound. We have been appointed Fiat main dealer for their range of commercial vehicles in the Industrial West of Scotland.

### Light Engineering

Both sales of the division - up 29.6% - and profits - up 54.3% - show considerable improvement. The current order book is strong and the recruitment of skilled labour and material shortages are the main limiting factors.

### Tubes, Fittings and Fabrications

Despite the shortages of certain types of steel tube and the problems of the three day week, output was maintained at a satisfactory level and the divisional results were highly satisfactory. Current trading is very buoyant and there is every prospect of continued expansion.

### Drop Forgings and Castings

The year showed a good recovery in profitability but does not yet represent a fair return in relation to capital employed. Orders on hand are the highest ever reached and the growth potential can only be limited by material and labour shortages.

### Prospects

Current trading is at a higher level than the same period last year, but there are so many uncertainties in the economic and political environment that it would be unwise, indeed almost impossible, to make any firm prediction about the current year. However, I believe we are better placed than most to overcome any difficulties and there is little doubt your company will realise better than average growth in sales and earnings.

## GMT

Copies of the Report and Accounts are obtainable from the Secretary, 303 Halesowen Road, Netherton, Dudley, West Midlands DY2 9NR.

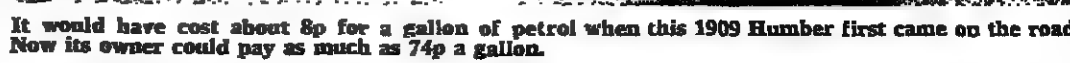
DIVISIONAL RESULTS	Sales £000	Trading Profit £000
Steel stockholding & metal processing	20,168	2,018
Asbestos, rubber, plastics & services	10,786	1,302
Light engineering	2,871	358
Tubes, fittings & fabrications	1,734	344
Drop forgings and castings	1,150	148

Turnover £m	Profit attributable to shareholders £000
72: 20.3	1893
73: 26.3	1174
74: 36.7	1799

Earnings per share - pence: 72 (4.8), 73 (6.8), 74 (10.0)



## Motorists are paying the price of government's fuel conservation



could have kept the maximum price system in operation. Indeed, raising the cost of private motorcars is an indispensable element in the Government's campaign to wake people to the need to conserve fuel and Britain's position as the lowest price country in the world apart from Ireland and Norway rather an embarrassment.

Even the new prices make only a limited difference to the cost of running a car. The AA estimates for increase at about £3.50 a year for a car running 10,000 miles, an increase of only 41 per cent on the present cost of £774.

Despite this limited impact on the pocket of the average motorist, the rises remain very sensitive issues. That is partly because the sticky nature of relations between the Price Commission, which has to pronounce on their applications, and the oil companies.

**David Blake**

## Need to understand workers' motives brings more psychologists into industry

in the chemical industry, a chain of garages and among clerical workers. It is not only assembly line work which can be changed into something more varied and interesting.

**Eric Wigham**

## Business Diary: ICI's catalysts • Christmas destocking

The 1,000-badge issue was rapidly oversubscribed, with badges changing hands at the close at a bid price of 25p, compared with the offer price of 10p.

Even the offer price, as one was pointed out, was dearer than British Leyland shares. The one-day issue, a bit of free enterprise by some high-spirited jobbers and brokers, raised £120 for charity.

# C.L.R.P. INVESTMENT TRUST LIMITED

(Chairman: A. G. Touche, F.C.A.)

The following are salient points from the Report and Accounts of the company for the year to 31st August, 1974.

- \* In March 1974 the company borrowed US\$3m at a fixed rate of interest for 5 years.
- \* The ordinary dividends for the year total 125p, an increase of 13.7 per cent. With the tax credit the increase is 18.5 per cent.
- \* The natural resources of Australia give that country excellent long-term prospects. Like Britain with its oil, if it does not eventually flourish, the inhabitants will have only themselves to blame. The November budget shows that the Chancellor understands the problems facing the Western World in general and United Kingdom companies in particular. Unfortunately there is little encouragement of thrift, which is in danger of being destroyed in the United Kingdom by taxation and inflation.
- \* The market values of the twenty largest investments were as follows:

	£'000		£'000
MEPC	288	Ford International Capital Corp.	88
Jardine Japan Fund	235	Anglo American Gold	88
Hutchlyn	220	Boots	87
Consolidated Gold Fields	174	British American Tobacco	77
Lend Lease	148	Myer Emporium	76
Shell Transport & Trading	138	Broken Hill Proprietary	72
Hong Kong & Shanghai Banking	126	Burroughs Machines	71
General Electric (U.K.)	108	Smiths Industries	68
3M United Kingdom	104	St. Martins Property Corp.	67
Vaal Reefs Exploration & Mining	103		
These investments total £2,409,000 or 28.6 per cent. of the portfolio.			

## PROGRESS DURING THE PAST TEN YEARS

Year to 31st August	Gross Income	Total assets less current liabilities	Ordinary shares Earnings	Dividends	Net asset Value
	£	£	(Gross basis for 1965 and 1969)	p	p
1965	347,383	5,964,429	1.59	1.3125	31 1/2
1969	341,056	8,983,318	1.61	1.3125	52 1/2
1973	427,579	12,669,774	1.43	1.099	76
1974	622,172	9,370,185	1.78	1.25	71

Copies of the Report and Accounts can be obtained from the Secretary, at  
3 London Wall Buildings, London EC2M 5PH.



## IMPERIAL CONTINENTAL GAS ASSOCIATION

### Interim Statement

Consolidated Results (unaudited)	Half Year to 30.9.74	Half Year to 30.9.73	Full Year to 31.3.74
Turnover	£'000 28,312	£'000 19,525	£'000 58,085
Trading Profit	3,738	3,160	10,638
Depreciation	2,509	1,900	4,238
	1,221	1,260	6,399
Income from Investments	122	114	4,547
Interest	(918)	(688)	(1,557)
Group Profit before Taxation	425	686	5,389
Taxation	335	301	4,570
Group Profit after Taxation	98	385	4,419
Minority interests	21	36	95
Profit attributable to I.C.G.A.	69	349	4,324

The consolidated results are those of the Association and its subsidiaries excluding its Belgian subsidiaries.

Belgian subsidiary companies are not consolidated in accordance with the dispensations granted by the Department of Trade.

The taxation charges relating to the half year to 30th September, 1973 have been adjusted to take account of the increase in the U.K. Corporation Tax rate.

#### Interim Dividend

The Directors have declared an interim dividend for the year ending the 31st March, 1975 of 2.69p on £34,147,999 Ordinary Capital Stock costing £915,166; this is equivalent to a gross dividend of 4%. The dividend will be paid on the 2nd April, 1975 to stockholders on the register at the close of business on the 21st February, 1975 and compares with the gross interim dividend paid on the 2nd April, 1974 of 6% on £17,067,863 Ordinary Capital Stock which cost £716,850 net. The Capital of the Association was doubled as the result of a capitalisation issue during the year.

#### Notes

The Directors cannot emphasise too strongly that the results shown for the half year provide no guidance concerning the probable results for the year. Apart from income from General Investments, which is relatively insignificant, the Association's investment income is derived from dividends from Belgian companies, all of which are booked in the second half of the financial year. Present indications are that the Group share of earnings after tax of the Belgian subsidiary companies will, in terms of Belgian Francs, be appreciably greater than that for 1973/74.

Of the United Kingdom subsidiaries the Calor Group's turnover for the half year increased by 45% over that for the same period last year, but the level of trading profit rose by only 21%. This reflects mainly the effects of heavily increased material costs and of U.K. Government price controls. Income from Calor's newly expanded activities in the U.S. will now fall into the second half of the financial year due to delay in the maize harvest caused by drought. Rises in both depreciation charges and financing costs have accentuated the normal seasonal first half trough resulting in a pre-tax loss. However, the Directors expect that with normal winter conditions and barring a major economic disruption, the full year to March, 1975 will show an improvement over 1973/74.

The value of gas and liquids sold from the Hewitt Field by Century Power and Light Limited rose by 15% but trading profits before depreciation and financial charges increased by only 2% owing to cost escalations not yet reflected in sale prices.

The charge for taxation has been calculated at the provisional rate of 32% but certain losses of overseas subsidiaries in the first half year do not give rise to a corresponding tax offset. However, it is expected that these losses will be offset by profits arising in the second half of the year.

Under the present legislation the maximum total dividend payable for the year ending the 31st March, 1975 will be 6.857775p which is equivalent to a gross dividend of 10.2325%. Provided that circumstances do not change unduly your Directors intend to recommend the maximum permitted distribution.

As previously reported, negotiations have been taking place at the request of the Belgian Government for the rationalisation of the Belgian electricity industry and the Directors of the eight private enterprise companies engaged in the industry have now agreed in principle to regroup into three companies by the 30th June, 1975. Although the final terms have yet to be settled, the agreement in principle provides for the Association to have a major shareholding, but not a controlling shareholding, in an enlarged company engaged in production, transmission and distribution, which will result from the merger of certain other entities with Electrogas.

## BOC Profit Results

### British Oxygen Year to 30th September 1974

	1974	1973
Sales of BOC and its subsidiaries	£'000 403,424	£'000 318,123
Operating costs	338,336	282,806
Depreciation	65,089	56,317
	18,694	18,319
	46,396	37,998
Add: BOC share of associated companies' profits	7,779	891
<b>GROUP TRADING PROFIT</b>	<b>53,174</b>	<b>38,889</b>
Europe	21,788	18,128
Africa	8,745	8,845
America	9,302	1,452
Asia	2,226	1,976
Pacific	11,113	10,498
Interest	53,174	38,889
	18,539	10,511
<b>GROUP PROFIT BEFORE TAX</b>	<b>34,635</b>	<b>28,378</b>
Tax	17,444	18,938
	17,191	14,440
Minorities	3,664	3,058
	13,527	11,382
Less: Extraordinary losses (profits) net, after tax	908	(1,080)
<b>AVAILABLE FOR DISPOSAL</b>	<b>12,621</b>	<b>12,462</b>
Dividends—Preference	86	95
—Interim ordinary	1,661	1,638
—Proposed final	2,855	2,849
Profit retained	4,602	4,582
	8,019	7,880
	12,621	12,462
Earnings per 25p share (203,938,447 fully paid ordinary)	6.59p	5.55p

A revaluation of cylinders has been carried out by our major companies and a change made in cylinder depreciation policy based on current replacement costs and a revised assessment of durability. These changes produced a revenue surplus of £5.2 million. We have used this opportunity and absorbed the surplus by accelerating depreciation of obsolete plant, the adoption by some Group companies of the LIFO or similar method of stock valuation and by other financially prudent measures.

A capital surplus arising from the revaluation of cylinders and of certain properties overseas has been taken direct to reserve and amounts to some £20 million.

The BOC share of associated company profits includes £8,276,000 from Airco Inc. and interest paid on the related borrowings amounted to £3,062,000.

Research and development costs of £3,558,000 (1973: £3,380,000) have been absorbed against regional trading.

Your directors recommend a final dividend of 1.4p as last year per 25p ordinary share making a total of 2.216025p for the year (1973 2.205p).

Books closed for the final dividend and reports and accounts to shareholders, 28 February; posting of final dividend warrants 1 April; shareholders' meeting 25 March.

Further copies of this report may be obtained from the Secretary, The British Oxygen Company Limited, Hammermith House, London, W6 9DX Tel: 01-748 2020.

## FINANCIAL NEWS

### Growth in Belgian market holds key to year's earnings of IC Gas

By Andrew Wilson

Despite a small setback at mid-term, the Imperial Continental Gas Association is set for another record year, with pretax profits likely to grow from £9.39m to probably something above £11m.

The figures for the six months to end-September are, as usual, almost meaningless as Calor Gas only ticks over during the summer months, while dividend income from the Belgian activities is booked only in the closing half.

At Calor Gas, turnover expanded 45 per cent to £27.8m and trading profits by 21 per cent to £3.52m. But after a sharp increase in interest and depreciation charges, last time's

pretax profit of £203,000 was reversed into a loss of £77,000. For the remainder of the year, an overall improvement is expected with the developing United States animal foods subsidiary (which suffered from the delayed maize harvest) expected to break even.

Earnings from Belgium, which come chiefly from the Electrogas and Antwerp Gas, gas and electricity distribution operations are expected to increase for the full year by around 25 per cent. This arises from the strength of the Belgian franc against sterling and from higher profits on the index-linked tariffs on the services supplied by the companies.

Century Power and Light,

where IC Gas has a 59 per cent stake, is to pay around £1.3m for a controlling interest in Pommer or Cie, a small French bank which specialises in discounting trade bills. Subject to Pommer becoming a limited company, the purchase should take place before the year end.

Agreement in principle to acquire a 73 per cent stake in Pommer from Banque Saint Phalle was reached over a year ago, but formalities have proved lengthy, a spokesman for Bates said last night. Medium-term dollar finance was arranged for the deal with London banks at the time of the original negotiations, he added.

A further 18 per cent of Pommer is controlled by its president, M Christian Pommer, and the shares are traded in the over-the-counter market in Paris. Bates is paying Fr120 a share compared with a recent quote of Fr80. The company has a balance sheet footing of just under £10m and made net profits of around £76,000 in the year to December, 1973.

Bates, which recently sold its Welfare Insurance subsidiary at a book loss of around £93m, is hoping to build up international business in the French company and to increase its corporate financing activities.

Continuing to experience difficult times profits of Western Motor Holdings fell from £139,000 to £45,000 in the half to June 30. In the previous 12 months the decline was from £414,000 to £343,000. The dividend is passed, against 1p.

For the year ahead, the momentum gathered in the final six months of the preceding year continues in the opening two months of the present term.

#### W Motor pass interim

Continuing to experience difficult times profits of Western Motor Holdings fell from £139,000 to £45,000 in the half to June 30. In the previous 12 months the decline was from £414,000 to £343,000. The dividend is passed, against 1p.

### Bates pays £1.3m for control of French bank

By John Plender

Edward Bates & Sons (Holdings) is to pay around £1.3m for a controlling interest in Pommer or Cie, a small French bank which specialises in discounting trade bills. Subject to Pommer becoming a limited company, the purchase should take place before the year end.

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### Greenall Whitley kee record intact with marginal rise to £5.11

The result of Greenall Whitley, the largest of the regional brewers, for its last full period, is rather better than expected in that profits were ahead, albeit only marginally.

In the 12 months to September 27 profits of the group, which operates throughout the North-West, North Wales and also in part of the west Midlands, rose by £30,000 to a record £5.12m pre-tax. But having been 14 per cent ahead at half-way (a rise in the price of beer helping to offset rising costs over the initial half) the return over the second six months was down from £3.01m to £2.74m.

If the trend is down, the situation may be set to some extent by another increase, notification of which is currently before the Commission.

Coming from turnover creased from £47.3m to £ the pre-tax is struck after cost of repairing property which rose from £1.37m to £1.71m, depreciation main at £1.3m and interest ch of £1.16m (£1.09m). Earnings were 5.11p (6.14p) and a dividend of 1.88p raise total from 2.69p to 2.97p.

#### Fenner geared up for expansion

In the wake of last year's good performance, power transmission engineers and conveyor-belt specialists J. H. Fenner reckon to be "well equipped to cope with any problems ahead", and Mr Joseph Palmer, chairman, is confident that the group will continue to prosper.

At home Fenner enjoyed buoyant conditions last year, and the board is still cheerful about the outlook here, particularly now that the recent slackening in the order intake in the materials-handling division appears reversed.

Performance abroad "even more striking", to "a substantially widened increased penetration".

End-year overdrafts at £863,000 to £2.4m finance a big increase in share gearing, is still relatively low, and the directors are confident of the company's ability to finance a big capital-spending programme.

David Brown last recently acquired an 11.1 per cent stake in the group; it has 11.6 per cent.

#### Property Hldg & Inv

Income for the first half year declined from £815,000 to £727,000 at Property Holding & Investment Trust, after higher interest charges of £370,000 (£258,000). Earnings a share are down from 3.39p to 3.07p, while the interim dividend is held at 1.75p net. The board intends to raise the year's total from 4.5p to 4.75p.

#### Danks Gowerton

Announcing a rise in pre-tax profits from £2 to £347,000, Mr A. Roe, chairman of Danks Gowerton, said the board's aim is to expand turnover and profit. Sales advanced by 25 per cent to £4.28m. Group finance sufficient to sustain its growth, and orders are high level.

### Cranleigh loss after special items

Gloomy news from Cranleigh Group, apart from steps to discontinue its investment and financial division, as foreseen in October, is that although a pre-tax profit is returned of £772,000 against £1.12m, after deduction of extraordinary items of £832,000 (against £69,000) the "attributable" loss amounts to £470,000 compared with a profit of £542,000. Turnover was up from £8.04m to £9.19m for the year to August 31.

The extraordinary items are made up of surplus on conversion of loan stock, £161,000 profit, sales of Seddon Diesel Investment, £88,000 profit, overseas losses on sales of subsidiaries of £45,000 (loss of £107,000), provision for loss on Cecil Properties, £296,000, loss on shares

### J & H B Jackson tops £1m with momentum held

Having regained its growth curve last year after two lean periods, and more optimistic at midway after successfully riding over the troubles of the three-day week, J. & H. B. Jackson maintained its interim spurt throughout the full term to September 30. This group of steel and non-ferrous merchants turns in taxable profit 20 per cent higher at £1.34m (beating £1m for the first time), on turnover also up at the same rate to £10.43m. Earnings per share work out at 3p compared with 2.7p.

The board is not recommending a final dividend (against 0.2p) for the year past as the maximum payable is less than £1m for the first time. Therefore, the total comes out at 0.603p against 0.575p. However, it will pay an interim dividend for the year to September 30, 1975, of 0.5p.

### Thames TV and Capital Radio link in sales drive

Capital Radio, one of the two London commercial radio stations, has linked with Thames Television in a joint advertisement selling exercise. Rate cards offering a combination of television and radio spots are to be mailed out to advertisers and agencies this week.

The package includes radio advertisements in Capital's morning and early afternoon peak listening hours with evening television spots. It is aimed at local advertisers such as retailers and entertainment promoters. Bookings will be handled by either partner but Thames will deal with centralised advertising.

The link between the two media comes as something of a surprise since commercial radio was initially regarded as a direct competitor to the ITV contractors. However, the cutbacks in off-peak TV programming means that there is little overlap in the advertising time offered.

Meanwhile Capital, which admits to substantial overexpansion in setting up the station, is continuing its negotiations for additional finance. Initial shareholders were Dominant with 32.5 per cent, Local News of London with 15 per cent, Radiofusion with 15 per cent, Evening Standard with 11 per cent and The Observer with 8.50 per cent. It is not yet known whether the extra funds will come from these or from new shareholders.

#### Buoyant sales

Despite large cutbacks by established users, the advertising industry enjoyed unexpectedly buoyant gross sales in November. Results compiled by Media Expenditure Analysis

#### Advertising & marketing

show a rise of 10 per cent in expenditure on press advertising and 12 per cent in television advertising compared with the same month last year.

The comparative results are distorted by rate increases and discounts but nevertheless indicate a real increase on last year. The November figures bring the total for the year so far to between 2 and 3 per cent below 1973. The industry, however, is extremely apprehensive about the early part of next year.

Many large food manufacturers including Cadbury Schweppes, Heinz and Unilever have sharply reduced their spending on advertising this year. The reasons given for the cuts range from shortages of packaging materials to competitive pressures.

Food manufacturers account for between 35 and 40 per cent of television advertising expenditure and widespread reductions could have serious implications for ITV contractors.

#### Holiday campaign

The Butlin group is battling for an increased share of the British holiday market next year with a £500,000 television and press advertising campaign. The Ladbroke Group is also planning an intensive advertising drive to promote its recently acquired holiday centres.

Patricia Tisdall

#### Business appointments

### New chief for Lloyd's Aviation Underwriters

Mr J. M. T. Hewitt has been elected chairman of Lloyd's Aviation Underwriters' Association. Mr Neil Hill becomes deputy chairman.

Mr Derek Moon has been appointed managing director of Garrard Engineering.

Mr Donald Mathias, chairman of the Pet Food Manufacturers' Association, and chairman of Pedigree Petfoods, has been elected president of the European Pet Food Manufacturers' Association.

Mr C. J. Pumphrey has joined the board of Capital Investment Trust and Tynedale Investment Trust.

Mr John Hitchcock has been appointed to the board of Salter Industrial Measurement.

Mr H. Dalton-Brown, manager of Johannesburg Consolidated Investment Company and chairman of Oshana Mining Company (Pty) of South West Africa and the Shangani Mining Corporation, has been appointed to the board of "Johnnies".

Mr Gerry Lawler has joined the board of Cyrenus Buildings. Mr Len Merchant has become a director of Libra Computing.

Mr Michael Adams joins the board of Foster Brothers Clothing. Mr Jack D. Newell has been appointed contracts director of Industrial Energy Costs.

Dr Milorad Maksimovic, an executive director of Harris & Dixon, has additionally been appointed as managing director of Veritas Insurance of Lagos.

Mr Penton Robb has become director of marketing for Scottish Gas.

Mr Alan Davies has been elected chairman of the King's Arms Mining Association. Mr Beville Pain becomes vice-chairman.

Mr B. M. Thornton has been appointed commercial director at Walter Lawrence & Son (Holdings).

Mr J. H. Bancroft and Mr Imre Elek have been made additional directors of West Cumberland Silk Mills.

Mr Peter Sutcliffe has been made sales director of Diamond Shamrock Chemicals.

Mr R. J. W. Crabbe and Mr D. J. Welch have become directors of Sterling Credit Group. Mr Crabbe is chairman of Provident Life Assurance and Mr Welch a director of Bankers Trust International.

Mr John Rothwell, a director of Venture Lumber (Northern), has been appointed a director of H. B. Williams, Reeves.

Mr Derek Hayes and Mr Clifford Sandelson have resigned as directors of Orme Development.

Mr George Ashton has been elected president of the British Independent Steel Producers Association.

Following Mr D. M. Rhead's election as chairman, designates of LCP Holdings, he relinquishes the office of financial director and chairmanship of the engineering sub-group which is now to be constituted as a separate division.

Mr D. B. Clark is appointed to the main board as financial director and Mr M. H. Craddock is elected chairman of the engineering division.

# The Woolwich

## "Society's immense financial strength"

Speech by the Chairman, Mr Alexander Meikle, CBE, CA, FRS, at the 127th Annual General Meeting of the Members held at the Connaught Rooms, Great Queen Street, London WC2, on Tuesday, 17th December 1974.

The past year has been one of changing fortunes.

#### Interest rate changes

There had been in the preceding July, that is to say in July 1973, the altogether unprecedented increase in Bank Rate (or Bank of England minimum lending rate, call it what you will) from 7½ per cent to 11½ per cent. Inevitably this led to a fall in the flow of funds to the Society and an increase in withdrawals.

Your Board met this situation by raising the rate of interest on the Society's ordinary share accounts as from 1st October 1973, the first day of the year under review, from 6½ per cent to 7½ per cent (basic rate income tax being paid by the Society). The initial response to this increased rate was good, producing a net inflow of new capital at about the rate we had been accustomed to earlier in the year.

However, on 13th November 1973 the Bank of England once again raised its minimum lending rate, this time to 13 per cent. The effect on the Society's funds was much a repetition of the previous July experience. A good deal of money was attracted away from building societies by the rates offered by local authorities and also by the competition of income bonds which was not corrected until the Chancellor's Budget in March last.

Your Board preferred not to raise the rates of interest then offered to investors as this would have required a still further increase in the already historically high rate of 11 per cent being charged to borrowing members. Nor did we consider it appropriate in the then prevailing financial climate to run down our resources of cash and investments. Indeed throughout this difficult period the Society maintained substantial balances on call or at short notice with banks in addition to our holdings of very short-dated Government securities so that large sums of money were always available if required. And so we were able to meet the position when the savings inflow was matched by withdrawals; we were obliged to cut back our new lending to a level which we felt could be supported by repayments of capital by borrowers, together with interest which our investors leave with us to be added to their capital. We were thus much restricted in the volume of new mortgage business which we could entertain but business did go on and our new advances continued at a level of £100 million per annum.

#### Government loan

Against this background the Board welcomed the offer by the Government to make available to building societies in the five months from April to August 1974 a loan of, in all, £500 million on condition that participating societies did not increase their main borrowing and lending rates of interest. The Society took its share of these temporary loans. By 30th September £20 million had been received and a further £14 million was received thereafter, of which total £63 million has already been repaid.

#### Investment Certificates

In May 1974 an issue of Investment Certificates was announced by the Society. These Certificates offer a return of 1 per cent above the rate payable from time to time on the Society's ordinary share accounts to the investor who is prepared to commit his capital for two years. The present rate of interest on these Certificates is, therefore, 8½ per cent with income tax at the basic rate paid by the Society and the issue has been successful both in attracting new money and in adding to the stability of our capital structure.

These measures — the Government loan and Investment Certificates — together with an easing in the level of short-term interest rates enabled us to increase substantially the volume of new mortgage business in the second half of our year.

In the result, advances for the year totalled £137 million. A disappointing figure when compared with the total of £217 million in the previous year; but a considerably better figure than seemed possible in the early part of the year. At the year-end the volume of mortgage business awaiting completion in the normal course had increased to £50 million. In all we were able last year to help some 20,000 families to buy their own homes.

#### Total assets exceed £1,000 million

It is pleasant to record that, in this difficult and testing year for all financial institutions, the Society's total assets passed the milestone of £1,000 million. The Society celebrated its Centenary in 1974 when the total assets reached £50 million. Seven years later in 1954 they had doubled to £100 million; and now twenty years on they have increased tenfold to £1,000 million. The number of our members, investing and borrowing, has now passed one million.

At the end of the year our liquid balances amounted to £182 million representing 17.4 per cent of total assets. This is a higher ratio than we are accustomed to see but

not unduly high in these uncertain times. I want to stress that to underline that these balances were and are liquid. More than £98 million was held in gilts — securities which despite very adverse Stock Exchange prices had a market value of £95 million. Our investments are predominantly short-dated and in redemption value of £104 million. Indeed most of our securities could have been realised without any loss to the Society. It is a measure of their strength it remains the position today despite the substantial fall in the index of Government securities since the end of our Balance Sheet. The remainder of our investments, some £84 million, were held at seven days' notice banks and local authorities or in bank certificates deposit.

The balance of revenue for the year was £1,098, which was added a surplus realised on investment during the year of £1,628,000 and against which charged a transfer of £390,000 to our Staff Pension Fund. The General Reserve at the year-end amounted to £3,687,000.

Although I speak so confidently of the Society's immense financial strength and, indeed, with satisfaction at the way it has coped with the problems of the past year, we are not complacent nor are we oblivious of the problems of others.



## FINANCIAL NEWS

## W. E. Norton's pace accelerates

Promising first-half profits well ahead of the £73,000 achieved last term, machine tool merchants W. E. Norton have performed even better than expected, with much more than doubled profits. On turnover increased from £2m to £2.75m, taxable earnings bounded from £3,000 to £185,000 for the half September 30 and the "available" from £34,000 to £89,000. A half-time payment is 0.45p against 0.37p on which there are 1.75 million shares. For the rest of the year all appears to be going well. Incoming orders continue at a high level, and results for the 12 months to March 31 could be better than any previously reported.

## Cooper Inds at interim peak

Turning in a record £1.5m year, Cooper Industries, the lands steel, engineering and jidging group, maintained the pace in the opening half to reach 31 with best-ever half-earnings. Pre-tax profit rose 14 per cent to £7,000, on turnover 26 per cent higher at £12.09m. The interim dividend is 0.52p against adjusted 0.49p, and it is expected that the final will be a maximum permitted. Tax figures are omitted because substantial group and surmount relief will be available which cannot be accurately estimated at present. But the charge will be minimal. It also expected that deferred tax in excess of £250,000 will be obtained by stock relief provisions.

## Factors

Announcing taxable profits last term up 46 per cent to £5,000 Mr John McQueston, chairman of International Factors (75 per cent owned by Anglo & Scottish and 25 per cent by First National Bank of London), told shareholders the sum of business handled rose £102m with the international accounting for 26 per cent. Turnings were up from 24.7p to 31.9p a share.

## Diffusion-Shipton

Diffusion Shipton has sold back Bankers Trust International

the equity of Shipton Automation, originally acquired in 1973. The initial cash consideration of £6.2m from the resale will be used to pay off the advance incurred at the time of the original purchase and interest.

The deal means that SD has not suffered any loss from the deal and may even make a profit from the resale.

## Normand to rally from poor start

An interim slip in profits from £383,000 to £364,000 before tax at Normand Electrical Holdings prompted a decline in the share price yesterday, although the board predicts that profits for the full year should be similar to the £665,000 record achieved last year. Shareholders will be paid an interim of 1.17p, against 1p gross, and the final is also to be raised by the maximum allowed by the Treasury. Order books are strong for the rest of the year, and production is being stepped up.

## Lindsay &amp; Williams leaping ahead

The revitalised Lindsay & Williams is consolidating its return to the dividend list by adding a second interim of 1.49p to that already declared, bringing the total for the 10 months to October 31 to 2.98p (against 2p for the whole of 1973).

Taxable profits for the 10 months are £250,500, against £29,000 for the whole of last year, and include an exceptional profit of £58,000.

The board would like shareholders to receive some further benefit when the final figures are in, and subject to Treasury consent, a final is to be paid. There will also be a dividend script option.

## Pilkington-St Gobain venture postponed

Plans of British glassmaker Pilkington Brothers for a £29m float glass plant in Sweden to be built at Halmstad received a setback yesterday with news that negotiations with Saint-Gobain-Pont-e-Mousson, its



Mr. Walter Norton, chairman of W. E. Norton: Indications of a record year.

French rival, had been broken off. According to company officials in Paris, St Gobain want to postpone the joint venture until 1980, essentially because of present economic difficulties. Meanwhile, it will continue to expand the activities of its Swedish subsidiary, Emmaboda Glasverke, and develop the production of double-glass windows for insulation.

World-wide St Gobain produces about 4,500 tonnes of float glass daily under licence from Pilkington, but produces none in Scandinavia—Agencies.

**PAHANG CONSOLIDATED**  
Company received subscriptions for 4.25m shares in response to its rights issue. Balance of about 3.71m shares (46 per cent) taken by underwriters.

**W. CROWTHER**  
Pre-tax profits £445,000 (£432,000) for half-year are not strictly comparable because the 1973 period included three subsidiaries sold in April this year. Net effect of these disposals in full year would be to reduce profits by £106,000. Company is in British Land group.

**BATLEYS OF YORKSHIRE**  
Interim pre-tax £91,000 (£112,000) with earnings 1.2p (1.54p) a share. Dividend 1.04p (1p).

**BRENTNALL BEARD**  
Taxable profits for year, £313,000 (against £39,000). Earnings a share are 8.11p (10.38p). Dividend is up from 3.88p to 4.36p gross.

## Mining

## Unicorp—a new factor emerges

Cape buying pushed the Union Corporation share price up another 14p to 464p yesterday—although the Gold Fields of South Africa bid, now worth about 500p, was the other major impetus.

It is now thought that the South African Mutual insurance group has recently raised its stake from 3.2 to about 5 per cent of the Unicorp equity. With General Mining with about 28 per cent still opposed to the bid, and likely to remain so after the formal documents appear from GFS, and with Charter Consolidated standing on the side lines with 10 per cent, the Mutual could well have the decisive vote as to the outcome of the offer.

The annual statements from the six Unicorp mines covering the nine months to end-September take a generally bullish line overall. Pride of place inevitably goes to the new Unisel mine where production is now expected to begin in August, 1978. It is hoped to improve productivity substantially by increased mechanisation in the stopes with experimental work now being carried out at St Helena.

Reserves at St Helena are now estimated at 13.3m tons with a grade of 12.8 g/t at a gold price of R3,500/kg (\$156oz) compared with 11.5m last year when the grade was 14.9 g/t and calculated on R2,000/kg (\$98oz). The new reduction plant will involve expenditure of R22.5m, of which R5.4m is attributable to processing Unisel production.

A warning, however, comes from Leslie where it is stated that values exposed in the western portion of the lease have not been encouraging. Unless there is a substantial improvement in the gold price the potential reserves of the mine can only be extended marginally. At current price, Leslie may have another five or six years' profitable life left. A further capital repayment of 10c will be made next year.

Mitchell Cotts Group Limited  
1973/74 Results

Chairman—Mr. J. K. Dick C.B.E., F.C.A.

	£'000	Increase over 1972/73
Profit before Interest and Taxation	10,649	33%
Profit before Taxation	9,147	34%
Funds Employed	53,298	19%
Return on Funds Employed	20%	12%

Earnings per Ordinary Share 7.53 pence

## Dividends per Ordinary Share

Interim—	0.656 pence
Proposed Final—	2.114 pence
Total for the year—	2.770 pence

Dividend Cover 2.65 times

## Principal activities of the Mitchell Cotts Group

	Profit Contribution
Engineering	40%
Agriculture	24%
Transport, Shipping & Storage	24%
Vehicle Distribution	6%
Commodity Trading	6%
	100%



Mitchell Cotts Group Limited,  
Cotts House, Camomile Street, London, EC3A 7BJ.  
Telephone: 01-283 1234

For a copy of the annual report and accounts please contact the Secretary

Union Corporation Group  
GOLD MINING COMPANIES

## WINKELHAAK MINES LIMITED

Instruction to artisan aides, which began last year, and a recently introduced programme of more advanced training for black team leaders shows signs of promise for the greater utilisation of the labour force in general. Partly as a result of this training and through a reorganisation of the distribution of labour employed on less essential operations, it was possible to increase the tonnage milled despite a 10 per cent reduction in the underground labour strength.

If we are to use to best effects the advantage the higher gold price has brought us, cost increases will have to be kept to more manageable levels. In addition to our own efforts to increase productivity much will depend on the Government's efforts to combat inflation.

Although stoppage production has not been seriously affected by the shortage of labour, any further reduction in the numbers of workers will inevitably curtail production.

## KINROSS MINES LIMITED

The full effects of taxation and lease consideration were felt for the first time this year and these payments increased to R9.1 million. No. 2 Shaft has been completed to a depth of 733 metres below surface and should be completed in February 1976. The total cost of the shaft on completion is now estimated at R16 million. A borehole drilled as a pregrouting hole for No. 2 Shaft intersected the Kimberley Reef at a depth of 1,645.90 metres and 61.22 grams of gold per ton were assayed over a channel width of 53.1 centimetres yielding 3,251 centimetre grams. Although at this stage very little reef has been exposed, development from No. 1 Shaft carried out in the vicinity of the sinking shaft, has confirmed the borehole indications.

As mentioned in previous reports, the estimated payable tonnage based on borehole evaluations in the new area is not considered sufficient to warrant an increase in tonnage milled. However, before any final assessment of the potential of the northern area can be made, considerable development work will have to be done.

## LESLIE GOLD MINES LIMITED

The rate of development was decreased for the period under review as a result of the inclusion of previously demarcated marginal grade blocks. However, results continue to be disappointing and values exposed in the western portion of the lease area have not been encouraging. For this reason and taking into account the substantial increase in working costs, it is considered that the potential reserves of the mine can only be marginally extended unless a substantial increase in the gold price occurs. At the current prices we anticipate that the mine will still have another five to six profitable years ahead of it.

In view of this a further repayment of capital amounting to 10 cents per share will be made to shareholders during the 1975 financial year.

Points made in the statements by the Chairmen  
Mr. E. Pavitt and Mr. L. W. P. van den Bosch

- \* Average gold price received approximately R3,300 per kg (US \$147 per oz.)
- \* Continuing inflation emphasises gold's traditional role as store of value
- \* Long term future for gold continues to be encouraging
- \* Cost increases contained below industry average
- \* Group placing emphasis on training schemes and better use of work force to combat cost increases and labour shortage

Results for the nine month financial period  
ended 30th September 1974  
(compared with results for the previous twelve months)

Name of Company	Tons Milled '000	Gold produced Kg.	Net Profit R'000	Dividends cents per share	Ore Reserves value Tons '000	gms/ton
Bracken	771 (1,038)	6,375 (10,139)	5,687 (5,108)	51 (31)	2,500 (1,800)	9.0 (12.3)
Kinross	1,168 (1,506)	8,404 (12,258)	9,920 (13,237)	50 (46)	8,500 (6,500)	8.2 (10.0)
Leslie	1,092 (1,458)	5,754 (9,184)	4,233 (4,080)	32* (19)*	4,200 (2,500)	6.5 (7.7)
St. Helena	1,708 (2,311)	19,478 (29,364)	20,258 (17,638)	230 (130)	13,300 (11,500)	12.8 (14.9)
Winkelhaak	1,530 (1,930)	11,578 (16,370)	10,184 (9,177)	94 (48)	10,000 (7,500)	9.0 (10.2)

Ore Reserves calculated at a gold price of:- 1974 R3,500 per kilogram  
1973 R2,000 per kilogram

\* Includes 10 cents capital repayment

Copies of the full reports of the gold mining companies (all of which are incorporated in the Republic of South Africa) for the nine months ended 30th September 1974 are available from the London Secretaries, Union Corporation (U.K.) Limited, 95 Gresham Street, London, EC2V 7BS.

## BRACKEN MINES LIMITED

At the higher gold prices it was possible to decrease the rate of development and by including a number of previously marginal blocks, maintain the level of ore reserves. In the northern areas and in the area under option on the farm Witklooffontein in the far north, where development has been concentrated, low values have continued to be exposed. For this reason and taking into account the substantial increase in working costs, it is considered that the potential ore reserves will only be marginally extended by the recent increases in the gold price. As such, we anticipate that the mine will still have another seven to nine years of production.

## ST. HELENA GOLD MINES LIMITED

Preparations are being made at No. 8 Shaft to develop a drive on 18 Level into the Ongegend area to investigate the values disclosed by earlier surface drilling.

In my statement last year, I mentioned that consideration was being given to the replacement of the existing reduction works which is proving expensive to operate and maintain after having been in operation for 23 years. A decision has been reached to go ahead with the construction of a new reduction works at an estimated cost of R22.5 million of which some R5.4 million is attributable to capacity to meet the requirements of an agreement entered into with Unisel Gold Mines Limited. The programme is scheduled for completion in 1977.

Together with expenditure to be incurred under the agreement with Unisel, your Company will be involved over four years in the financing of capital works to the extent of an estimated R26.4 million. This figure assumes a cost escalation of 15 per cent per annum. The bulk of this financing will be internally generated through amounts already transferred to reserves and the deferment of taxation. A sum of R3 million has also been raised from the National Finance Corporation. It is anticipated that dividend distributions will not be inhibited as a result of the capital expenditure programme.

## UNISEL GOLD MINES LIMITED

A start was made in August of this year on the shaft collar excavation and the construction of the headgear and winder foundations. Preparatory work for the construction of the road and rail facilities from St. Helena mine are also underway. All preliminary work and pregrouting of the shaft site is on schedule and it is expected that full scale sinking of the shaft will commence in the second quarter of 1975.

In planning the mine, due attention is being given to opportunities for mechanisation, thereby increasing productive output per man. Experiments, to find a way of achieving improved mechanisation in the stopes, are being carried out on a Union Corporation group mine.

In the Consulting Engineers' report which accompanied the prospectus, it was stated that provided no unforeseen difficulties arose, the shaft would be completed early in 1977. Underground development and stope preparation should take a further eighteen months, during which time trial milling will be carried out. On these estimates, the mine will be brought into production by August 1978.



## BRITISH EMPIRE SECURITIES AND GENERAL TRUST LIMITED

The Eighty-fifth Annual General Meeting of British Empire Securities and General Trust Limited was held on 17th December, 1974, in London. The following is the statement by R. P. Laurie, the Chairman, which has been circulated with the Report and Accounts for the year ended 30th September, 1974:—

Despite the fact that thanks largely to take-over bids and redemptions, your company has benefited from substantial capital profits during the exceptionally difficult year under review the value of our securities has regrettably fallen by some 40.6 per cent. This compares with a fall of 55 per cent in the Financial Times Index over the same period.

The net asset value of our Shares at the year end was 7.2p per share.

Our revenue, however, has shown a satisfactory increase and your Directors have at least been able to fulfil the aim of increasing shareholders' income by raising the total dividend for the year to 0.50p per share. Provided that the economic crisis facing the country does not degenerate into chaos, they feel reasonably confident that this level can be maintained in the current year.

The two large holdings of Treasury Stock in the list of the twenty-four largest holdings provide for the redemption of our debenture stocks on their due dates.

I referred a year ago to the approaching necessity for the people of this country to face the straight choice between capitalism or a corporate state. Be it by choice or by default we are now at the mercy of politicians who, while paying lip service to a mixed economy, openly threaten the ability to save and the fruits of investment to the individual, and advocate state control and regimentation under the banner of social justice. There will no doubt be at worst one more chance for the final choice to be taken; let us hope that it will not be taken lightly.

## FINANCIAL NEWS AND MARKET REPORTS

### Jump of 24pc by Pleasurama

Including a contribution of £232,000 from an associated company, which last year made a loss) taxable profits of Pleasurama have jumped 24 per cent to £650,000, a new record. The shares rose 2 points to 23p on the news.

Turnover for the year to September 30 rose from £3.2m to £3.7m. Net profits rose from £220,000 to £313,000, while the board is raising the final from 1.06p to 1.32p gross, giving a total for the year of 2.32p, against 2.06p. A dividend scrip option is proposed. Earnings a share are 5.1p, against 3.6p.

During the year, the board reports that the company's four bingo halls and a small hotel were sold in Scotland, because they were making a poor return. Since October 1, the group has contracted to acquire small casinos in Glasgow, Portsmouth and Southampton, for a total consideration of £71,000. This will bring the number of casinos owned to 10.

### Confidence at Central Mfg

As long as Central Manufacturing & Trading maintains a "firm grasp" of its objectives for carefully planned growth and adheres to the guidelines it has established, there is "little doubt" the company will realize better-than-average sales and

earnings growth, Mr Norman Hickman, chairman, writes in his review.

Current trading is at a higher level but a forecast is "almost impossible".

### De Wendel has 15pc of Firmity

De Wendel steel group, which had built up a stake between 10 and 11 per cent, bought a further 75,000 shares of Firmity shares at prices between 15p and 16p francs on December 13. This means it now owns about 15 per cent of Firmity, excluding any further purchases made yesterday.

### Wearra cuts payout

Although turnover for the year to September 30 is ahead from £4.9m to £5.1m, taxable profits are down from a record £381,000 to £141,000. On retained profits of £19,000, against £157,000, the dividend is cut from 1.89p to 1.42p gross.

### Healey Motor sale

Designer of the Healey range of cars, Mr Donald Healey, has sold his company, Donald

Healey Motor Co., to Midlands Leisure group, which has about 20 motor companies in the region. Mr Geoffrey Healey, son of Mr Donald Healey, said the chief interest of both his father and self was the design and engineering of motor cars, on which they would concentrate.

### Samuel Props profit and dividend down

After an interest charge which soared from £11.3m to £27.6m pre-tax profit of Samuel Properties, the developer which earlier this year became one of the first British groups to undertake a major letting in Germany, was almost halved from £1.81m to £948,000 last term. The final dividend is cut from an adjusted 2.35p to 0.24p.

After a rather lower tax charge of £648,000 and a transfer from capital reserves of £394,000 (£153,000) relating to development properties, the profit available for the dividend is cut from £1.15m to £580,000. Earnings are down from 4.25p to 2.49p.

At halfway the company had been slightly ahead at £1.1m (£1.04m) pre-tax.

### Some decline forecast at Mitchell Cotts

Mr J. K. Dick, chairman of the Mitchell Cotts Group, forecasts in his statement it can be reasonably expected that the net profit for the current period will turn out to be between the 1973 and 1974 figures. The respective attributable figures were £2.95m and £3.68m.

Further, he says, if this proves to be a fairly accurate forecast the board feels the total dividend should be raised by the maximum amount of 12½ per cent which, as things stand, would increase the total from 4.12p to 4.64p.

He points out, though, that in a company such as Mitchell Cotts there are whole areas where the most careful appraisals can still prove to be wide of the mark. In some divisions there can be a close approximation of what results will be. But in other, and usually more important fields, there are political, economic and commercial imponderables which make the task inevitably more difficult.

### Stock markets

### Good rises in golds

Stock markets had another comfortable session yesterday, helped again by a relaxation of tensions in the foreign exchange centres. There was considerable activity on the gold mining pitches after London bullion quotations had risen strongly behind the agreement by France and the United States that countries might upvalue official gold holdings to current market prices. But turnover in both gilts and equities remained relatively light.

The FT index extended its recovery from recent "lows" to close 3.4 up at 1592. Recorded bargains for equities fell to a mere 4.940—while amplified figures for Monday disclosed a money total of only £28.7m.

Attention in the gilt-edged market yesterday moved from the short-dated stocks to the "long end" of the list.

In the wake of a good advance in "shorts" over the last two working days, steady and persistent demand was seen for "mediums" and "longs", with gains of ½ point common. In many cases, prices closed at the day's best levels. Turnover was described by one jobber as "fair to good".

Meanwhile, after a firm opening, short-dated stocks ran into profit-taking and inched back to about overnight levels, where they traded after steady two-way trading.

Dealers said that turnover in this sector was lower than in the last two sessions. The short-dated "tap" was not operative. Gold shares opened with gains of about 1½, after overnight commotion from the Marston, Lichfield, Cumberland, Derwent, Malvern Hills, Arfon, Chester, Derby, Forest Heath, Newport, Southampton, Edinburgh, Peebles, Camden, Clackmannan, Hart.

coming from the Continent: the United States.

Closing prices—the best the session—showed gains of £1.50 in FS Geduld (£26) Steyn (£19) and Western Union (£35). Also higher was Unisil (£30p), Western Union (£30p) and AA Corp (£32p).

The Franco-American agreement on oil price policies helped major oil shares. Confirmation of higher petrol prices a week had little effect, but the news had been widely expected. BP (£10p) closed up, but gains in Birmah (103p) and Shell (133p) were small.

Turnover in the industrial shares was light. Lighthouses interest was shown in "issue" of "weird" badges a member of a leading job firm. After opening at 10p, badges commanded prices 20p and 25p, with turnover limited to around of the 1,000 badges available. Mr Wilson referred to a City operators as "weirds" a speech at the Labour P Conference.

Shares in BLMC—much cheaper than "weird" badge—as at least one broker commented—closed unchanged their low of 6p ahead of day's preliminary results.

The international favour like ICI (£12p), Unilever (£17p), Glaxo Holdings (£19) and Courtauld (£7p) all aged minor gains. Disappointing results from Rothmans International the shares unchanged at 1 after this turnover. Equity turnover on Dec 16, £28.7m (£8,227 bargains). Active stocks yesterday according to Exchange Telegraph, C Goldfields, Birmah Oil, BP, Shell, GEC, ICI, Unilever, GKN, Commercial Un

## Tricoville

Design and marketing of fashionwear

Highlights from the statement by the chairman Mr. D. A. Jacobs FCA, for the year to 31 July 1974

- Thirteen years of unbroken sales and profit growth
- New premises can double present throughput
- Further growth in sales and profits expected
- Pre-tax profit up 15%

Comparative statistics	1974	1973	1972
£000's			
Turnover	3,282	2,653	1,778
Profit before taxation	296	256	181
Issued capital and reserves	517	400	282
Earnings per share	8.05p	8.03p	5.98p

A copy of the report and accounts is available from: The Secretary, Tricoville Limited, 91-93 Great Portland Street, London W1N 8DP

## ALLIED LONDON PROPERTIES LTD

9 HINDLE STREET WIM 5RG

## SATISFACTORY RESULTS

- ★ Profits Up £30,000 to £794,067
- ★ Final Dividend—14.895% (permitted)
- ★ Earnings per share 6.6p up from 6.1p



## Montague L Meyer Limited Interim Report

UNAUDITED GROUP RESULTS

	6 months ended 30th September 1974	6 months ended 30th September 1973	Year ended 31st March 1974
TURNOVER	73,000	64,000	142,000
TRADING PROFIT	7,785	9,504	18,919
Depreciation	(787)	(578)	(1,343)
Interest Payable	(2,723)	(902)	(3,005)
Additional Pension Contributions	—	—	(1,512)
Investment Income	4,285	8,024	11,059
Share of Profits of Associated Companies	5	—	1,798
PROFIT BEFORE TAXATION	4,290	8,049	12,524
Taxation	(2,301)	(4,541)	(6,584)
PROFIT AFTER TAXATION	1,989	3,508	6,140
Minority Interests	(193)	(105)	(151)
Extraordinary Item	(179)	—	—
PROFIT AVAILABLE FOR APPROPRIATION	£1,617	£3,403	£5,989

\* Attributable profits of Associated Companies are not included at the half year.

\*\* Arising on re-alignment of the Australian dollar.

In the first half of the current financial year gross profits were in line with the reduced percentage level permitted under the Price regulations, but net profits were depressed by increased interest charges. A direct comparison with the first six months of the previous financial year should make allowance for the fact that Group profits were then in excess of the levels permitted, a situation which was subsequently corrected by giving discounts to customers.

Stocks have been valued with proper regard to market conditions.

In the second half of the financial year turnover and profits are likely to show some reduction. However, stocks are being steadily reduced, forward purchase commitments are light, and the Group will be a major beneficiary of the Budget proposals whereby payment of corporation tax will be deferred. As a result borrowings and interest charges, which are already

falling, will show a further reduction. The Group has the resources to benefit from the expected revival in low cost housing construction.

The dividends on the Preference and Preferred Ordinary Shares for the period absorbed £5,000 (1973 £5,000). The Board has declared an interim dividend of 0.9p per share (1973 0.7p) on the Ordinary Share Capital, which will absorb £298,000 (1973 £288,000). It is anticipated that the final dividend for the year ending 31st March 1975 will be 1.08p per share, making a total of 1.98p per share, which is the maximum permitted under the current regulations.

The interim dividend will be paid on 7th February to holders on the Register on 10th January 1975.



### Latest dividends

All dividends in new pence or appropriate currencies.

Company	Div	Year	Year's	Prev
(and par value)	div	ago	total	year
Batteries of Yorks (10p) Int	1.04	1	—	3.68
Brentford (10p) Int	2.25	2	4.36	3.68
Britt Oxygen (25p) Int	2.1	2/4	—	3.15
Brunner Int (25p) Int	2.1	1.57	16/8	3.62
Centenary (10p) Int	1.3	—	—	2.5
Cooper Inds (10p) Int	0.52	0.49	1/4	—
Cornwall & Co (5p) Int	NIL	1.07	—	1.07
Greent Whitley (25p) Int	1.32	1.68	1/4	2.97
Imp Cont Gas (10p) Int	2.81	0.81	30/1	9.05
Keystone Int (50p) Int	4.12	3.78	—	5.97
Lindsay & Williams (25p) Int	1.48	NIL	12/1	2.98
Marley (25p) Int	0.12	—	6/3	4.25
Mot L. Meyer (25p) Int	1.35	—	7/7	2.97
W. E. Norton (5p) Int	0.45	0.37	24/2	0.87
Pleasurama (5p) Int	1.23	1.07	—	2.06
Rothmans Int (12p) Int	1.56	0.81	30/1	2.32
Samuel Props (25p) Int	0.24	2.35	14/2	1.49
Wm Motor (25p) Int	NIL	1	—	2.75
Wheeler's Records (10p) Int	2.3	—	13/1	—
Adjusted for scrip. * Forecast. \$ Total to date.				

### Eurobond prices (midday indicators)

Country	Rate	Country	Rate
AMERICA 1980	75.77	Quebec Hydro 1980	92.25
American Motors 1980	75.77	Quebec Hydro 1981	92.25
Anglo-American 1980	75.77	Quebec Hydro 1982	92.25
Anglo-American 1981	75.77	Quebec Hydro 1983	92.25
Anglo-American 1982	75.77	Quebec Hydro 1984	92.25
Anglo-American 1983	75.77	Quebec Hydro 1985	92.25
Anglo-American 1984	75.77	Quebec Hydro 1986	92.25
Anglo-American 1985	75.77	Quebec Hydro 1987	92.25
Anglo-American 1986	75.77	Quebec Hydro 1988	92.25
Anglo-American 1987	75.77	Quebec Hydro 1989	92.25
Anglo-American 1988	75.77	Quebec Hydro 1990	92.25
Anglo-American 1989	75.77	Quebec Hydro 1991	92.25
Anglo-American 1990	75.77	Quebec Hydro 1992	92.25
Anglo-American 1991	75.77	Quebec Hydro 1993	92.25
Anglo-American 1992	75.77	Quebec Hydro 1994	92.25
Anglo-American 1993	75.77	Quebec Hydro 1995	92.25
Anglo-American 1994	75.77	Quebec Hydro 1996	92.25
Anglo-American 1995	75.77	Quebec Hydro 1997	92.25
Anglo-American 1996	75.77	Quebec Hydro 1998	92.25
Anglo-American 1997	75.77	Quebec Hydro 1999	92.25
Anglo-American 1998	75.77	Quebec Hydro 2000	92.25
Anglo-American 1999	75.77	Quebec Hydro 2001	92.25
Anglo-American 2000	75.77	Quebec Hydro 2002	92.25
Anglo-American 2001	75.77	Quebec Hydro 2003	92.25
Anglo-American 2002	75.77	Quebec Hydro 2004	92.25
Anglo-American 2003	75.77	Quebec Hydro 2005	92.25
Anglo-American 2004	75.77	Quebec Hydro 2006	92.25
Anglo-American 2005	75.77	Quebec Hydro 2007	92.25
Anglo-American 2006	75.77	Quebec Hydro 2008	92.25
Anglo-American 2007	75.77	Quebec Hydro 2009	92.25
Anglo-American 2008	75.77	Quebec Hydro 2010	92.25
Anglo-American 2009	75.77	Quebec Hydro 2011	92.25
Anglo-American 2010	75.77	Quebec Hydro 2012	92.25
Anglo-American 2011	75.77	Quebec Hydro 2013	92.25
Anglo-American 2012	75.77	Quebec Hydro 2014	92.25
Anglo-American 2013	75.77	Quebec Hydro 2015	92.25
Anglo-American 2014	75.77	Quebec Hydro 2016	92.25
Anglo-American 2015	75.77	Quebec Hydro 2017	92.25
Anglo-American 2016	75.77	Quebec Hydro 2018	92.25
Anglo-American 2017	75.77	Quebec Hydro 2019	92.25
Anglo-American 2018	75.77	Quebec Hydro 2020	92.25
Anglo-American 2019	75.77	Quebec Hydro 2021	92.25
Anglo-American 2020	75.77	Quebec Hydro 2022	92.25
Anglo-American 2021	75.77	Quebec Hydro 2023	92.25
Anglo-American 2022	75.77	Quebec Hydro 2024	92.25
Anglo-American 2023	75.77	Quebec Hydro 2025	92.25
Anglo-American 2024	75.77	Quebec Hydro 2026	92.25
Anglo-American 2025	75.77	Quebec Hydro 2027	92.25
Anglo-American 2026	75.77	Quebec Hydro 2028	92.25
Anglo-American 2027	75.77	Quebec Hydro 2029	92.25
Anglo-American 2028	75.77	Quebec Hydro 2030	92.25
Anglo-American 2029	75.77	Quebec Hydro 2031	92.25
Anglo-American 2030	75.77	Quebec Hydro 2032	92.25
Anglo-American 2031	75.77	Quebec Hydro 2033	92.25
Anglo-American 2032	75.77	Quebec Hydro 2034	92.25
Anglo-American 2033	75.77	Quebec Hydro 2035	92.25
Anglo-American 2034	75.77	Quebec Hydro 2036	92.25
Anglo-American 2035	75.77	Quebec Hydro 2037	92.25
Anglo-American 2036	75.77	Quebec Hydro 2038	92.25
Anglo-American 2037	75.77	Quebec Hydro 2039	92.25
Anglo-American 2038	75.77	Quebec Hydro 2040	92.25
Anglo-American 2039	75.77	Quebec Hydro 2041	92.25
Anglo-American 2040	75.77	Quebec Hydro 2042	92.25
Anglo-American 2041	75.77	Quebec Hydro 2043	92.25
Anglo-American 2042	75.77	Quebec Hydro 2044	92.25
Anglo-American 2043	75.77	Quebec Hydro 2045	92.25
Anglo-American 2044	75.77	Quebec Hydro 2046	92.25
Anglo-American 2045	75.77	Quebec Hydro 2047	92.25
Anglo-American 2046	75.77	Quebec Hydro 2048	92.25
Anglo-American 2047	75.77	Quebec Hydro 2049	92.25
Anglo-American 2048	75.77	Quebec Hydro 2050	92.25
Anglo-American 2049	75.77	Quebec Hydro 2051	92.25
Anglo-American 2050	75.77	Quebec Hydro 2052	92.25
Anglo-American 2051	75.77	Quebec Hydro 2053	92.25
Anglo-American 2052	75.77	Quebec Hydro 2054	92.25
Anglo-American 2053	75.77	Quebec Hydro 2055	92.25
Anglo-American 2054	75.77	Quebec Hydro 2056	92.25
Anglo-American 2055	75.77	Quebec Hydro 2057	92.25
Anglo-American 2056	75.77	Quebec Hydro 2058	92.25
Anglo-American 2057	75.77	Quebec Hydro 2059	92.25
Anglo-American 2058	75.77	Quebec Hydro 2060	92.25
Anglo-American 2059	75.77	Quebec Hydro 2061	92.25
Anglo-American 2060	75.77	Quebec Hydro 2062	92.25
Anglo-American 2061	75.77	Quebec Hydro 2063	92.25
Anglo-American 2062	75.77	Quebec Hydro 2064	92.25
Anglo-American 2063	75.77	Quebec Hydro 2065	92.25
Anglo-American 2064	75.77	Quebec Hydro 2066	92.25
Anglo-American 2065	75.77	Quebec Hydro 2067	92.25
Anglo-American 2066	75.77	Quebec Hydro 2068	92.25
Anglo-American 2067	75.77	Quebec Hydro 2069	92.25
Anglo-American 2068	75.77	Quebec Hydro 2070	92.25
Anglo-American 2069	75.77	Quebec Hydro 2071	92.25
Anglo-American 2070	75.77	Quebec Hydro 2072	92.25
Anglo-American 2071	75.77	Quebec Hydro 2073	92.25
Anglo-American 2072	75.77	Quebec Hydro 2074	92.25
Anglo-American 2073	75.77	Quebec Hydro 2075	92.25
Anglo-American 2074	75.77	Quebec Hydro 2076	92.25
Anglo-American 2075	75.77	Quebec Hydro 2077	92.25
Anglo-American 2076	75.77	Quebec Hydro 2078	92.25
Anglo-American 2077	75.77	Quebec Hydro 2079	92.25
Anglo-American 2078	75.77	Quebec Hydro 2080	92.25
Anglo-American 2079	75.77	Quebec Hydro 2081	92.25
Anglo-American 2080	75.77	Quebec Hydro 2082	92.25
Anglo-American 2081	75.77	Quebec Hydro 2083	92.25







# TUNISIA

Among Arab countries Tunisia is probably the one with which Britons feel most familiar.

It appears politically stable under its veteran leader, Habib Bourguiba. Possession of a Jewish community has given it a reputation for tolerance. It lacks the brash assertiveness of countries which have not yet come to terms with their colonial past. While upholding Palestinian rights it has been on the sidelines of the Arab-Israeli conflict; the hijacking of the British VC10 last month was its first experience of this type of terrorism.

Above all, it has opened its frontiers to tourism, taking 124,000 people from Britain alone last year. Tunisia is one of the most politically experienced of Arab states. It was a protectorate under the French and therefore had more opportunity to take part in national affairs than its neighbours, Algeria and Libya, both of which were colonies. Achieving self-government in 1954 and complete independence in 1956, it heralded the end of European rule in Africa.

By Arab standards Tunisia has a high level of education. It devotes a large part of the budget to this sector and provides technical assistance to less developed states such as Libya and Algeria. The spread of schooling has contributed to the growth of a middle class which the Government sees as an essential prop to progress and stability.

All these factors make for a moderate, civilized country which, even if it lacks the excitement of Libya or Algeria, has succeeded in freeing itself from the shackles of underdevelopment and in creating a society to be measured by southern European, not African, yardsticks.

Yet the closer one looks at

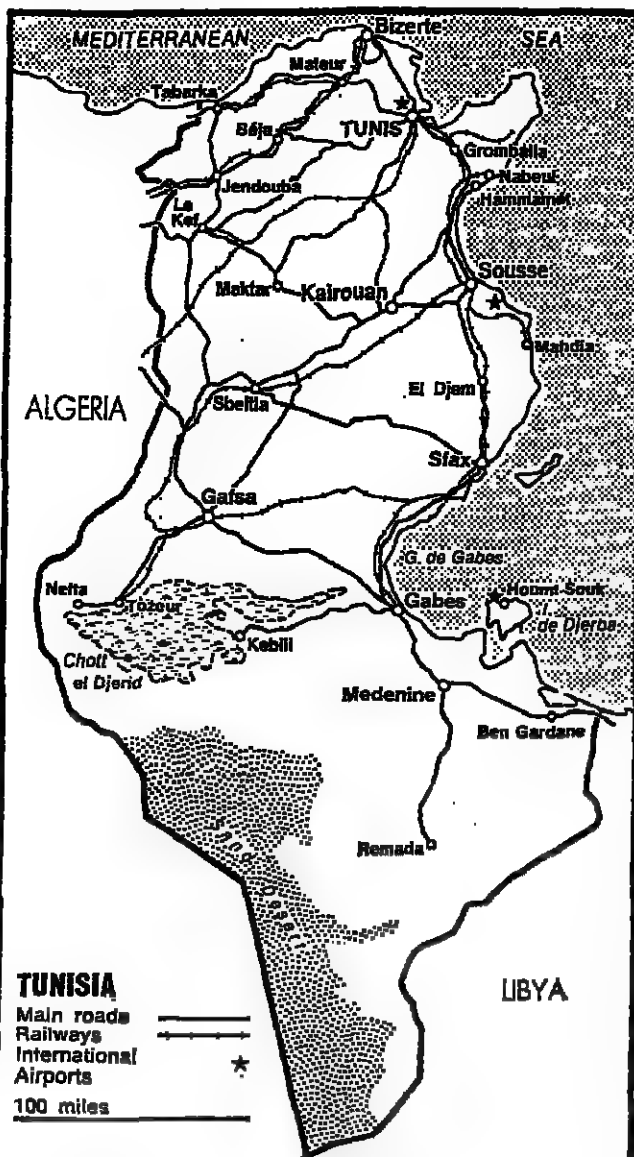
Tunisia the more one is aware of its problems and of the fragility of what has been accomplished on political, economic and cultural levels. To say that it was in a state of crisis would be to exaggerate. However, there are abundant elements in the present situation which could sour the achievements of the 18 years since independence.

Political life in Tunisia revolves around the President, Habib Bourguiba, who was 71 in August, is one of the outstanding figures of the Third World. A founder of the Neo-Destour Party 40 years ago, he was imprisoned by the French from 1934 to 1936 and from 1938 to 1943 and was kept in confinement or under surveillance from 1952 until 1955. He became Prime Minister after the first elections and President in 1957.

Since then he has shaped the country to an extent which is very rare among political leaders. Marxism has been rejected and close links forged with the United States. French troops have withdrawn from Bizerta and land owned by Frenchmen has been nationalized. Polygamy has been banned and fasting in Ramadan discouraged. In Middle East affairs Tunisia has steered a moderate course and has offered to mediate between Arabs and Israelis.

Mr Bourguiba is referred to as the "father of the nation" and the "supreme combatant". Last month he was elected President for life of the republic. In September he was acclaimed President for life of its sole political party, the Parti Socialiste Destourien (PSD), the name which the Neo-Destour now bears.

Dominance of the political



stage by one man for so long inevitably raises difficult questions about the succession and the survival of his policies once he is gone. In Tunisia's case the problem is compounded by the conduct of affairs by the President since the late 1960s.

Mr Hedi Nour, the Prime Minister and the man designated as Mr Bourguiba's successor, said recently that Tunisian policy eschewed adventure. Yet over the past six years there have been two notable adventures in which political heads have rolled.

The first was the transformation of agriculture into cooperatives in 1968 and 1969 by Ahmed Ben Salah, then the holder of several ministerial portfolios and the second most powerful man in Tunisia. His methods were undoubtedly ruthless but the aim was strongly endorsed by the President. A former colleague recalls him saying that everything could be collectivized except women.

In September 1969 the cooperative programme was suddenly abandoned. Mr Ben Salah was sentenced to 10 years in prison for treason and mismanagement of the economy and land expropriated by the state was returned to private ownership. Although the improvement of rural life will come only through the formation of cooperatives little has been done to encourage them since.

The second adventure was the proposal to form a union with Libya. Mr Bourguiba agreed to this at a meeting with Colonel Gaddafi on the island of Djirba in January but immediately had second thoughts. The Foreign Minister, Mr Mohamed Masmoudi, was dismissed and little has been heard of the proposal since. The President subsequently told the Egyptian newspaper *Al-Ahram* that he had not been well at the time.

These abrupt and disconcerting changes of policy have been accompanied by a tightening of political control. At the PSD congress in 1971 party members elected on to the central committee were a group of men who have since become severe critics of the regime.

Mr Bahi Ladgham, President Bourguiba's deputy for 15 years, who was dismissed as Prime Minister in the wake of the Ben Salah affair; Mr Ahmed Mestiri, former

Minister of the Interior and of Defence, who resigned his portfolio in 1968 in protest at Ben Salah's action and was expelled from the party in 1972; and seven politicians who sent a letter to the press on the eve of the PSD congress in September complaining about the lack of democracy within the party.

The seven, who have since been expelled from the party, include Mr Beji Caid Essebsi, former Minister of the Interior, Mr Habib Bouleares, former Minister of Culture and Information, Mr Hassib Ben Ammar, former Minister of Defence, Mr Sadok Ben Djemna, former Minister of Social Affairs, and Mr Mohamed Ben Amara, former director of the PSD. The critics' case is that Tunisia is politically mature enough to enjoy greater freedom of speech. They point out that the central committee chosen democratically in 1971 never met. They find little to recommend in a system where the members of the Political Bureau, until 1971 there was complete liberty of expression within a unified party, they say. Then Mr Bourguiba killed the dialogue.

The critics argue that the stability of the state is precarious because it depends on the mood of a President who is subject to fits of mental depression, who blames other people for policies which he had once endorsed, and who is fiercely jealous of anyone who achieves political success. One of them told me that a democracy with annual elections, such as Italy, was better than power founded on personal whim.

These former party stalwarts do not wish for Mr Bourguiba's replacement and they think that a multi-party system is unsuitable to

the country. What they require is liberalizing of political life.

The Government replies that the dissidents are expressing personal opinions which have no following in the country. It points out that it favours dialogue with the people but that to relax discipline would lead to anarchy and dictatorship.

The dissidents' case seems by and large to be justified. For a country with distinguished political and educational traditions Tunisia has a surprisingly authoritarian government. Its leaders speak of dialogue but their definition of it appears to exclude those whose differences with the regime go beyond mere technicalities. The newspapers make dreary reading; their main purpose seems to be to glorify members of the Government by reporting their movements in detail and their speeches in full. It is said that the press under the French protectorate was more independent and lively.

## Maghreb policy stagnant

If the internal political situation has taken a turn for the worse, foreign policy has not fared much better in a sphere in which Tunisia attaches great importance. This is cooperation with the other Maghreb nations, Libya, Algeria, Morocco and Mauritania.

The main point to emerge from an interview granted to *The Times* by Mr Habib Chanti, the Foreign Minister, was the closeness of Tunisia's relations with Arab neighbours. Those with Libya were qualified as "somewhat stagnant", lacking in dynamism and privileged status. Cooperation

with countries to the west was not at all satisfactory. There had been no progress apart from cultural exchanges. A permanent committee of economic ministers had not met for at least four years, although it was supposed to do so annually.

In his offer to mediate between Arabs and Israelis, President Bourguiba has come up against the latter's refusal to accept the partition of Palestine along the lines of the United Nations resolution of 1947, which is his condition for meeting them. Mr Chanti said the chances of peace in the Middle East were "almost non-existent" because of Israeli intransigence. He thought the 1947 resolution had been virtually accepted by the Palestinians.

Against its wishes Tunisia found itself thrust into the limelight of Middle East politics last month with the hijacking of the British VC10. Accepting the four commandos, and their seven comrades released from jails in Cairo and The Hague, was an embarrassing outcome for the Government and it was no doubt relieved to get rid of them.

On the economic front Tunisia has been helped by increased rainfall over the past few years and a sharp rise in prices for its phosphates, olive oil and petroleum. However, these windfalls cannot hide grave weaknesses.

Mr Nour, who as Prime Minister has concentrated on managing the economy, told the PSD congress in September that the 10 years up to 1971 has been marked by "general austerity and a relative stagnation of average standards of living". He said that 40 per cent of Tunisians have an income "below the poverty threshold".

In 1972 only 1,381,700, or

26 per cent, of a total of 5,310,900, said he had active cultural or economic contacts with Tunisia. The Government aims to create 118 home and to absorb the surplus by emigration. There are already 200,000 Tunisians abroad, mainly in Libya and West Germany.

The Government satisfies the growing demand of a population which is better educated before, which, tourism, emigration, foreign television programmes, has a wealth which is increasingly young—cent of Tunisians at 20—and is increasing rate of about 130,000. So far the country has escaped the high of European count the signs of it. The price of olive oil has risen by 50 per cent and the higher cost of essential goods, which is essential for the development of Tunisia, is being felt. Increased export of Tunisia still has a visible trade.

Underlying the economic and social problems what the sociologist Camilleri has called a "crisis of reevaluation" is his study *Jeunesse, et Développement*, the difficulties experienced by Tunisians in the traditional family on the extended, piecemeal system, with ideas derived from Europe the family is seen the narrower margin a couple and their children.

Simon Scott P

## Prices attractive for tourist in country where unemployment is the main problem

Tourism remained Tunisia's largest source of foreign currency earnings in 1973, but the year was the worst in the industry's brief history. With 780,350 visitors in 1972, Government officials predicted more than 900,000 for 1973. In fact they received only 721,897. The hotel occupancy rate fell from 57.6 per cent to 43.7 per cent and revenue was nearly 10m dinars short of the target set by the fourth plan.

These failures were largely the result of a poor response from the West Germans and British who, with the French, accounted for 60 per cent of the market in 1972. The number of Germans fell by 37.9 per cent from 168,936 to 104,847; the number of British by 12.2 per cent from 141,320 to 124,140.

This year has not been much better. The first half was extremely disappointing, with visitors from

Britain, for example, down from 74,000 during the same period in 1973 to 28,500.

The situation has improved somewhat since. The national tourist office has raised its forecast on the number of tourists this year to just below the level for 1973 and earnings are expected to rise from 72m dinars to about 90m dinars. Early predictions suggest that the country may receive about 800,000 tourists in 1975.

By a stroke of bitter irony, the recovery in the second half of this year was partly because of the war in Cyprus. Mr Ahmed Smaoui, a director of the tourist office, said that about 20,000 people had been diverted to Tunisia from recent poor performance in Cyprus, Greece and Turkey because of the uncertain situation there.

However, Tunisia cannot count on wars in the Mediterranean to help it out of its difficulties. The experience of the past two years

has been a sobering one for adolescent tourist industry. The expansion programme for the current plan (1973-76) has been cut from 35,000 to 25,000 beds and much thought has been given to the reasons for the recent poor performance.

The chief of these is the economic crisis in Europe, which has led people to cut back on luxuries such as holidays abroad. Tunisia is not alone in feeling its effects and can hardly be expected to deal with its causes.

However, there are specific faults in the national tourist industry where the Tunisians have plenty of scope for action. According to Mr Smaoui the chief weakness is the service in hotels. This is generally friendly, as any visitor to the country knows, but lacks experience. Tunisia has five hotel schools and one institute of hotel-keeping and tourism. It is building two more schools and will start work next year on a further two, with training hotels attached. Mr Smaoui said he thought that the quality of service would improve in two to three years' time.

He was worried also about the lack of control over activities on the beach with tourism. He cited the case of an Englishman who bought a carpet in Kairouan and asked for it to be sent on to him. When it arrived in London he found that it was not the same carpet. The tourist may have been satisfied with his hotel, the weather and the beach, but an incident of this kind leaves a sour taste and dissuades him from returning to Tunisia.

## The costs rise by 40 per cent

Another weakness of the industry is the lack of co-operation between hotel-keepers, which allows foreign tour operators to drive a hard bargain with individual hotels. Prices are attractively low for the tourist, but in many cases fail to cover the hotelkeepers' costs. On Djirba, basic prices have not risen for the past four seasons, a period in which costs had risen by 40 per cent.

When a Briton has a winter week in Tunisia for £38 or a German two weeks for just over £100, air fares included, the sum received by the hoteliers is hardly enough to cover the cost of food, let alone pay their staff a decent wage. A Tunisian tourist official said hoteliers tried to make up on extras such as hairdressing and *mechoui* (roast lamb) parties.

In a country where lack of work is the main problem, the Government has welcomed tourism for the jobs it provides. However, the creation of permanent employment for nearly 30,000 people has been achieved at a cost—to the hotel-keeper and also to the tourists themselves. Djirba, for example, has 8,000 hotel beds, but an alarming dearth of doctors for its large seasonal population. It is time that prices were raised to a realistic level and a more comprehensive service provided for the visitor.

In negotiating with European tour operators the strength of the hoteliers' case depends to some extent on the number of beds he has at his disposal. This can come through cooperation among small hotels or by the creation of larger units.

An example of the latter is the Dar Jerba hotel on the north coast of Djirba, which opened in 1972 and was completed last year. It is divided into four hotels of different standards under one management and has 2,500 beds. Dar Jerba illustrates a tendency of recent years for the country to move away from small hotels with subsequent additions, towards large units catering for mass tourism.

In Monastir an hotel with 3,500 beds is under construction and there are plans to build a new resort of 13,000 beds, on the lines of the French tourist towns, to the north of Sousse.

For me the outstanding facets of Tunisian tourism

are the siting and design of the hotels. In the Gulf of Hammamet, for example, the hotels lie back from the beach amidst olive and citrus groves. Some are extensions to what were formerly private villas. They use features of local architecture and, with one exception, do not intrude on the natural beauty of the coast.

The same is true in Djirba. Coming from the airport the first view of Dar Jerba is of gleaming white domes and arcades set among palm trees on the far side of a lagoon. Close inspection of this complex, which was designed by the Danish architect Claus Bremer, reveals a main square whose scale is perhaps too large for comfort and where the arched balconies are excessive. However, a sense of intimacy is restored by the rooms, each of which has a separate entrance and a tiny garden.

Many are in the form of small domed houses, inspired by the native architecture. The French architect Gaudier Delye likewise draws on the local style at the Djirba Medjel, but in a different form. Ten *menzels*, a type of dwelling found in Tunisia, are dotted around the beach. Each has an entrance hall and 14 split-level rooms with roof balconies, grouped around a central courtyard garden. A central building contains the reception hall, restaurants, cafes and bars. There is also a swimming pool.

Some hotels are less successful architecturally. Mr Smaoui was unhappy about the large, tall block of the Rym, now under construction in Monastir, and thought that the Phénicia in Hammamet had one storey too many. One could also point to the list of others: the Ambica at Carthage, which has an ugly central block, and the Africa in Tunis, which rises 20 storeys above a boulevard

where the buildings are criss-crossed by six storeys high.

As the size of the hedges so does the hood of spoiling the environment. More have to be uprooted than the site and the tends to jar with roundings. The Government is aware of this and has recently in strict planning. Mr Smaoui outlines as 100 beds per hectare, eight to 32.5 of beds per hectare maximum height, corresponding of the tallest tree site.

These regulations designed to safeguard distinctive achieve Tunisian tourism avoid what Mr Smaoui calls "balkanization", the concrete tower block congested beaches Spain.

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TUNISIA  
There's another side to the Mediterranean



# Good fortune and a sharp swing to the right bring rich rewards

by Godfrey Morrison  
editor, *Africa Confidential*

With steadily mounting foreign exchange reserves and ambitious but realistic plans for industrial expansion and diversification, the outlook for the Tunisian economy looks excellent. The confidence with which both private businessmen and government planners in Tunis can look to the future is a recent phenomenon.

Until the end of the 1960s the economic outlook for Tunisia was unhealthy. A high birth-rate and huge expenditure on education were producing a new generation of discontented people for whom the employment prospects seemed bleak. Dirigiste policies had brought havoc to agriculture and much of industry and were arising off foreign investment from a country whose natural resources of oil and phosphates were plying when compared to her immediate neighbours Algeria and Libya.

The past four years, however, have seen a dramatic transformation of the economic scene. Late in 1969 President Bourguiba dismissed Mr Ahmed Ben Salah, who was then the extremely powerful Minister of Planning, Education, and the Government's socialist enthusiast, and country took a sharp turn to the right. Since that time the guidance of Mr H. Nouira, the Prime Minister, a moderate and veteran leader, the economy has returned to a more realistic approach.

Another key figure in the economic policy has been the much younger Mr Ali Ayari, who at 41 was named Minister until a reshuffle in September when he moved to the Ministry of Agriculture. A former student of the faculty of law and economics at Tunis University, and director of the World Bank, he is 31, he has a reputation in banking and academic circles.

He moved to the right, aided, but does not explain, the recovery of the economy in the past years. Good fortune has played its part.

A good fortune has been abundant rainfall has produced good crops. Some oil strikes, a recent sharp rise in world price of oil, phosphates and olive oil, an

important agricultural export.

At one time it looked as if fate had been extraordinarily kind to Tunisia. On either side of the country, in Algeria and Libya, oil and natural gas poured from the ground in abundance. All the Tunisians had was a really big producer and now already past its peak production years.

However, a much more recent discovery, the offshore Ashraf field, near the Kerkennah Islands, is proving much more productive than was originally expected. Oil production has already passed 40,000 barrels a day and could well reach double that figure in a year's time. Meanwhile two wells have been drilled in the new Iaf field, which is also offshore about 100 miles east of Sfax, and the indications are promising.

Phosphates have also played their part in the economic turn-around following the sharp rise in world prices which increased from \$13 to \$52 in just a year. At one time production from the relatively low-grade rock was maintained by the Government mainly for political and social reasons—no more than 12,000 people—but as the new prices the whole industry has become a major component of the country's export earnings.

With the world food crisis and chronic fertilizer shortage the outlook must be good. Only last month a new phosphate factory in the Sfax Governorate passed the trial stage to active production, which should eventually add another 1,200 tonnes of phosphates a year. This will be welcome since, though export earnings this year from phosphates are well up, this is entirely due to the rise in prices, since the first seven months of 1974 are lower than in the same period last year.

The agricultural outlook remains promising. The rains have been good this autumn, which should benefit most crops though there are reports that the date harvest has been badly affected by them. Olive oil production is expected to be about 80,000 tonnes this year which, though much lower than last year's 130,000 tonnes, is still regarded as satisfactory since this crop varies in a cyclical manner.



The mosque of Sidi Bou Makhlouf at El Kef, western Tunisia.

quite independent of weather or good husbandry.

Tunisia has suffered continual foreign trade deficits, but in the past few years has enjoyed consistent balance of payments surpluses. The reason has been the foreign exchange inflow from tourism and the remittances from the large number of Tunisians working in Europe, mainly in France and West Germany. Foreign aid from the international agencies and a large number of bilateral aid donors, as well as a growing flow from foreign private investment, have added to the surplus.

The latest figures available, covering the first seven months of this year, suggest that an end to the constant trade deficits is now a distinct possibility. Exports at 197m dinars represented about 80 per cent cover of the country's imports during the same period. During recent years, the country's annual

exports have been worth only from 50 per cent to 65 per cent of total imports. The encouraging results this year have been achieved despite a sharp rise in the value of imports and are due to the rise in earnings from olive oil, phosphates, superphosphates, phosphoric acid and crude oil.

Earnings from tourism should also be fairly good this year. The good results in this sector are largely due to the turmoil in Cyprus, which caused a diversion of many tourists to Tunisia at the last moment. Otherwise the results would probably have been disappointing. In the mid-1960s this was the only economic success story, but of late tourists have shown an unwillingness to return for a second time to Tunisia. However, the fact that government officials and the press now talk openly of the tourism crisis, rather than trying to sweep the in-

dustrial problems under the carpet, suggests that in time the problem will be solved. In the long term the prospects must be excellent.

Because of the high birth-rate and the large pool of unemployed, the creation of new jobs remains a prime aim of economic policy. A recent report by the Central Bank estimates that about 30,000 new jobs were created in 1973 but notes that 19,000 Tunisians still had to be placed overseas, in France, West Germany and Libya. The problem of unemployment was a major factor behind the law of April, 1972, which offered foreign firms special tax privileges and other incentives to set up in Tunisia and produce for export.

This scheme seems to have been a considerable success already, even though it is still in its infancy. Mr Tijani Chelli, head of the Investment Promotion Agency,

has said that a main aim of the 1972 law was to enable Tunisia "to import work rather than exporting it". Other advantages of setting up these privileged export-oriented industries include the import of technical skills, another means of effecting the transfer of technology.

The current four-year plan (1973-76) views the manufacturing industry as the main source of new jobs, even though the acceleration of industrialization is a recent phenomenon. A recent survey reported that investment in the manufacturing industry improved in 1973 totalling D134m, against D50m in 1972 and only D25m in 1971.

Provided world economic conditions do not get out of hand, there seems to be a good chance that Tunisia will build up a profitable industrial sector quickly. The reasons for this are: the encouragement now given to foreign investors and the favourable status Tunisia will enjoy in its relations with the European Economic Community.

Another favourable factor is the large investment the country has made in education. In the years since independence, about one third of recurrent expenditure has been spent on education. This has produced a more advanced labour force and potential managers and technicians in greater numbers than those possessed by most African and Arab countries.

Despite the inevitable hard feelings after the on-off union with Libya, cooperation, particularly on a practical economic level, is quietly developing between Tunisia and Tripoli. There is also growing trade links with Algeria. However, despite these developments and attempts to build up the economic and political solidarity of the Maghreb region, it is difficult to think of Tunisia's economic future other than in terms of its relations with Western Europe, France, Italy and West Germany remain the main trading partners.

Of vital importance for the future will be an agreement, which should come into force some time next year, between Tunisia and the EEC. A limited association agreement between Tunisia and Morocco has been in operation since 1969, but was confined to restricted trade concessions. Both

the Tunisians and the Moroccans found these arrangements unsatisfactory and of little value. As a result the two countries, together with Algeria, pressed to be granted a more comprehensive agreement which would not be confined to trade preferences and quotas, but would also include an aid package. This will come to fruition in addition there will be measures to boost scientific and technical cooperation and encourage private investment in the Maghreb. Most significant of all, there will be measures to encourage industrial development in the three Maghreb countries so that they can take advantage of their privileged access rights to the EEC. Tunisia, the most culturally outward-looking of the Arab states, should be ideologically and educationally well-placed to take advantage of the situation.

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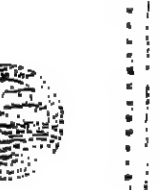
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## Change of emphasis in education to provide technical training

The Tunisian Government is the key to the development of the country, which people find work, income rises and national revenue is not more evenly. It is no surprise, therefore, to find that money and money have been spent in this field of independence. A teacher in Tunisia bed the country as educational state which through education."

of that period the number of primary pupils was 455,577. This year it is around 892,000. The corresponding figures for secondary schools are 54,751 and 176,255. For higher education there are 2,309 and 14,000. Mr Driss Guiga, the Minister of Education, said that there was now a community of more than 500 people in Tunisia which did not have a school. The rapid spread of education has been impressive but the Government is dissatisfied with the quality of what has been achieved. Mr Hedi Nouira, the Prime Minister, told the ruling party's congress in September that the system was somewhat obsolete and must be rethought.

What he has in mind is the training of young Tunisians to do the work necessary for the country's development. "We have a duty to train useful citizens," he said. "We must therefore train market gardeners, masons, hairdressers, electricians. This also means that we are not required to make everybody chemists, lawyers, men of letters or sociologists."

Mr Nouira was echoing the line taken by the President on the same occasion. President Bourguiba said that education was an end in itself but that this aspect of its obligations as a means of development. "If it were otherwise," he added, "education would be for individuals no more than an intellectual luxury, and for society a nonsense, even a catastrophe. For it would mould brains which could not be inserted into production circuits."

"That would cause a rupture between the 'educated' and society. The result would be discontent and resentment leading to explosions of various kinds which undermine society."

The consequences of this predominantly utilitarian view of education can be seen in the fourth national plan (1973-76), which is remarkable more for the changes of emphasis within the system than for quantitative increases.

Primary education is considered to be a universal right and the number of pupils is expected to rise by over 100,000 during the plan. The main problem at this level is the failure rate: more children than not fail to go on to secondary schools and between 50,000 and 60,000 leave school each year without completing the six-year course.

These young Tunisians emerge from the classroom with a basic general education but no technical qualifications. So they find difficulty in getting a job. To prevent such a waste of manpower the Government has introduced a programme into the timetable for the last two years of primary schooling. It hopes thereby to overcome a widespread aversion to working with the hands and to provide the basis for subsequent technical training.

At Sidi Thabet, in the north-west of Tunisia, the children do two hours of horticulture a week. During their visit they were preparing ground for potatoes, planting beetroots and picking mandarin oranges. Each class has its own plot of land. The pupils have sold peppers in the village market and oranges to the staff and the school kitchen.

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## Reconversion course started

In the secondary system as a whole the number of pupils receiving general education during the first three-year cycle is expected to drop slightly during the present plan, whereas the number of those receiving vocational training will rise from 18,420 to 41,287.

At the second cycle the humanities will lose about 3,000 pupils (19,725 to 16,814). Science and maths (22,702 to 31,276) and technical subjects (9,568 to 17,196) will record large gains.

A one-year "reconversion" course has been started at a lycée in Sousse. The aim is to help students already acquired their baccalauréat in the humanities to get it in science and maths as well.

Mr Guiga said that 24,000 primary pupils were doing manual work this year and that by 1980 all primary schoolchildren would be involved in it. A government official working for the scheme told me that he would like to see some form

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